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13 DECEMBER 1990



# ***JPRS Report***

## **East Europe**

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# East Europe

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## BULGARIA

### Newly Appointed Ambassador to U.S. Interviewed

91BA0122A Sofia POGLED in Bulgarian 26 Nov 90 p 8

[Interview with Ognyan Pishev, new Bulgarian ambassador to the United States, by Rumyan Slavov; place and date not given: "Excessive Dependence on a Single Country Is Dangerous"]

[Text] Ognyan Pishev, 39 years old, is married and has two children. He is a candidate of economic sciences. He graduated from the Department of International Economic Relations of Moscow's Institute for International Relations. He speaks English, French, and Russian and has a working knowledge of Spanish and Italian. He will leave for his post at the end of November.

[Slavov] How does an economist feel in the role of a diplomat? Are you experiencing a feeling of stress?

[Pishev] The request I received [to serve] was unexpected. It occurred in the middle of September. The feeling of stress came later. It so happens that, since last May, I visited the United States on four occasions: twice with Dr. Zhelev, once to attend a conference, and once to attend a discussion of the Rahn Program. My contacts with Americans—government institutes, business circles, or simply individuals—were exceptionally interesting. I determined that I had no problem in communicating with them. To a certain extent this was the reason for my initial calm. The shock came later, when I realized the sudden nature and entire responsibility of the change. There was also another thought: Would it not be better, precisely now, to remain in Bulgaria? However, everyone around me argued that my presence in Washington is very necessary today.

[Slavov] Was there no jealousy?

[Pishev] Some people called the president's secretary about my character. However, in our country this is par for the course.

[Slavov] How do you imagine your first steps in Washington?

[Pishev] We must widen the breakthrough that was made in the attitude toward Bulgaria on the part of the outside world, the United States in particular. We must benefit from the situation, the more so because the way in which we are being accepted by the United States substantially influences the attitude of the European countries toward us. In my view, the level on which our delegation, headed by Dr. Zhelev, was received in Paris is largely due to the way we were received in Washington and New York. We also see major results from the improvement of our relations with Turkey. Therefore, my mission in Washington is one of exceptional responsibility. I shall greatly rely on the professional support of my future colleagues.

[Slavov] You are one of the experts of the Union of Democratic Forces and a member of the group of economic advisers to the president. How could you contribute to the development of the processes in Bulgaria from Washington?

[Pishev] In my view, our embassy must provide broader information to the American public on events in Bulgaria and also rapidly establish feedback to our country. I intend to actively participate in the discussion of basic economic plans and draft laws in our country and consult with the American side and transmit to my colleagues in Sofia the necessary information, and thus participate in local processes. Another important aspect of my future work is drafting and signing commercial treaties, signing contracts for investing in Bulgaria, and seeing that Bulgaria is granted most favored nation status. Washington is the seat of the International Monetary Fund and the World Bank for Reconstruction and Development. The organization of some sort of Bulgarian lobby in the United States is obviously necessary. We should work with the Bulgarian emigres in that country and with the friends of Bulgaria that we have so far acquired.

[Slavov] You attended the Moscow Institute of International Relations. To the best of my knowledge, you started and graduated with excellent marks. Are there any doubts that the training you received is being substantially revised today?

[Pishev] When I was a student I was more interested in the problems of the developing countries. Later, as a graduate student at the Ivan Bashev Foreign Policy Institute, I spent four years working on "Participation of the Developing Countries in the International Division of Labor." That is perhaps the reason that today I have the feeling that I can look at the situation in Bulgaria from a familiar angle. My wife, Diana, is one of the few specialists in problems of small West European economies. Our life together has helped me enormously from a professional standpoint as well.

[Slavov] Do you have a comprehensive model of what Bulgaria should look like in the future?

[Pishev] We could use Denmark as an example. That country is simply part of the global economy. Its companies sell their products throughout the world without fear of competition. In a slightly different respect, the Belgian example would be suitable: It was via Belgium that a great deal of foreign capital (American, Japanese) penetrated Western Europe. In other words, Belgium became a gateway to the European economy. Bulgaria could find itself in the same position in terms of foreign capital aimed at Eastern Europe and the Soviet Union. We are extensively familiar with the Soviet Union and have lasting ties to the Soviet economy, which could be an advantage. Our economy should blend with the global economy, and we should achieve total integration with the world. It is clear that a small country like Bulgaria

cannot, on its own, achieve a conversion to a market economy. We must become open to the world.

[Slavov] Is the direction to be followed important?

[Pishev] In principle, any excessive dependence on a single country is quite dangerous, as we see it today. External forces such as currency rates, prices of raw materials, and competition on the industrial markets determine the basic parameters of economic independence. We must react to such changes with adequate flexibility.

[Slavov] Does this mean that a small country must have very flexible politicians?

[Pishev] After the elimination of one-party and state control over international contacts, the world discovered that Bulgaria has a number of capable, likable, and thinking people. It is thanks to this, I think, that we have provided foreign observers with reasons for optimism. Their optimism concerning the success of the reform is much greater than it is in our own country. That is perhaps because we are more familiar with the bad features of our national character.

[Slavov] Do you see a danger in this?

[Pishev] The greatest danger currently is suppressing the impetus for self-organization and self-development within society. We have inherited a bad tradition in thinking that someone "from above" should make the changes. In my view, the fact that the National Assembly is unable to complete everything is not a great worry; the worry is that we are expecting the National Assembly to do all the work alone.

[Slavov] In the past few months, stress has developed in a number of families because of the reinterpretation of values. How are your relations with your father, who spent many years working on NOVO VREME, the theoretical organ of the BCP [Bulgarian Communist Party]?

[Pishev] Basically, the things that attract me I owe to the influence of my father. As a high school student, I was interested in history, which led to my interest in the history of international relations. My father helped me to publish my first works. Unexpectedly, in 1981, he was expelled from the BCP, and it was then that unpleasant aspects of my work and restrictions on publishing began. Throughout those years and during his entire existence, my father has lived a worthy life. He has always been an example to me because of his honesty in relations with people and his industriousness. What happened to him was a difficult experience for me. He was told that his life had been wasted. He understands me very well, and I have always been able to freely discuss events with him and to change my own views, provided that he could convince me.

[Slavov] Does this latest change in your life mean that you are abandoning a great part of your past?

[Pishev] I continue to consider myself a professional economist. I jokingly tell my colleagues that we shall eventually retire as poor supporters of a market economy, while other people will accumulate millions. It is true that people determine their own fate. However, this does not mean that any specific decision is final. It would be more accurate to say that my qualities are consistent with the demands of the moment in terms of achieving certain objectives in reciprocal Bulgarian-U.S. relations, in which necessarily the emphasis is on commercial and scientific and technical relations and expected economic aid.

[Slavov] I wish you success in this mission.

### **BSP Deputy Chairman on Party's Internal Struggles**

*91BA0123A Sofia DUMA in Bulgarian 1 Nov 90 pp 1, 6*

[Interview with Aleksandur Tomov, deputy chairman and coordination secretary of the Higher BSP [Bulgarian Socialist Party] Council, by Angel Bonev; place and date not given: "A Left-Wing Democratic Center Is Not a Myth but a Question of Time"]

[Text] [Bonev] What has been happening with the BSP [Bulgarian Socialist Party] since the 39th Congress?

[Tomov] Many things have changed and continue to be changed intensively within the party. Although some of the initiatives that were started have not been completed, we can say that this has been a question of truly important processes.

First, the apparatus of the Higher Party Council has been substantially renovated and reduced. A new structure was developed in which, in addition to the elective office of the chairman, there is a group of highly skilled professional experts. We are actually putting an end to the apparat structure and converting to a structure consisting of professional politicians and experts. I believe that this way we shall be able to uproot the apparat style in our work must faster and once and for all.

Second, an accelerated process of cadre renovation is taking place. Cadres belonging to an entirely new generation, people who are unstained and whose thinking has not been burdened by the past, are being promoted within the apparat and through elections: 60 to 80 percent of the newly elected leaderships of the municipal party councils are new. The majority of such people categorically support change. In Sofia, for example, the old leadership was replaced by a special commission in charge of establishing a city party organization and preparing the city accountability and election conference. These are people whose thinking is truly new. We believe that they shall complete the overall renovation of the BSP organization in Sofia.

An essentially new feature is that, immediately after the 39th Congress, many important steps were taken to solve

the two problems that were most difficult for the party: the responsibility and the culprits for the crisis in which we find ourselves and the question of party property. Two independent commissions were set up. In the next few days they will submit specific solutions to the Grand National Assembly.

[Bonev] To the best of my knowledge, you are chairman of the Commission on Political Responsibility and the Culprits of the Crisis in Society.

[Tomov] Yes, but what is probably more important is that the commission includes intellectuals and members of radical movements, people whose consciences and civic courage are unquestionable. We hope that we shall shortly submit to the party and, subsequently, to the public a specific view on the matter. Let me immediately emphasize, however, that our commission will never turn into a court because this would be neither right nor admissible legally. Our task is to draft a political standpoint on the matter and to provide society with the necessary information.

[Bonev] What, in your view, are the most important features of the commission's work?

[Tomov] Concreteness, sincerity, and the feeling that we are engaged in doing something that is extremely needed by society and by our party. The people want to know the truth, and we must tell them the truth. We must not provide our own assessments but present the facts as they are. In short, we must not "create" truths but only reveal them.

[Bonev] Many of our readers are concerned by the negative process of the party's "melting away."

[Tomov] Bluntly and honestly put, the party's rating has continued to drop since the elections. This has been accompanied by a decline in membership. The reasons for this are several, and I shall not discuss them all. To halt this process, we must provide answers to an entire array of questions: The party must once and for all settle the matter of responsibility and guilt; stabilize its organizational structures; restore the links between the Higher Party Council and the municipal party councils, on the one hand, and the main party organizations, on the other; and eliminate anything that destroys the confidence of the people in the party.

We no longer have the right to assume any kind of middle and undefined position and to play hide-and-seek or engage in self-delusion. The situation is such that the problems facing the party must be resolved in the next few weeks. We are currently taking fast measures to ensure the cadre strengthening of the municipal party councils. In the near future we shall also set up regional party councils as coordinating links.

[Bonev] Some party members believe that the main reason for the drop in the party's rating is its retreat in the face of the opposition. You recently pointed out that no further retreat is possible....

[Tomov] Without going back to the not entirely accurate quoting of this statement, let me emphasize that indeed our party has no solution other than to mount a political offensive. However, this is not an offensive against people and parties or a "cavalry charge against the bourgeoisie," but an offensive in the struggle for democracy. This means accelerating the completion of the processes of our own renovation, becoming much more directly involved in all possible areas of the democratic process, and assuming the initiative in solving a number of painful social problems. If we respect the ballots of our voters, we must more daringly assume our responsibilities in the administration of the state. Naturally, we shall never accept the elimination of the totalitarian system to be identified with the elimination of the BSP. This is undemocratic and could destroy everything we have achieved so far.

[Bonev] Some opposition circles believe that the renovation of the BSP is an illusion and that its only choice is to voluntarily surrender power.

[Tomov] I consider such a statement as not serious. Any political group may be renovated. This is inherent in the people within it. The history of political parties in the world is quite indicative in this respect. It is true that our renovation is burdened by the errors of the past. However, it is equally true that it is precisely thanks to this past that, unlike many others, we have drawn the proper lessons.

We have abandoned democratic centralism. Chanting has disappeared from our party and so has fetishism of the individual and protection and self-protection from criticism. However paradoxical it may seem on the surface, I believe that the totalitarian traditions and reflexes are today characteristic to a much greater extent of the opposition than the BSP. We are much more tolerant of dissidents. We allow internal party trends and do not hastily vote a political lack of confidence or allow political settling of accounts either within the party or outside it.

[Bonev] Are those the principles on the basis of which the change in party membership cards will take place?

[Tomov] Yes, and something else. In no case shall we allow a Stalinist-type purge with this change. Every socialist has a political platform, bylaws, and a program for action. Anyone can and must make his choice voluntarily. Naturally, we shall not accept in the party people who have become compromised and who have violated the laws of the country.

[Bonev] Do you expect a substantial decline in BSP membership with this change?

[Tomov] Yes, that could be expected and would even be natural. Following the promulgation of the Law on Depolitization and the natural political stratification, we not only cannot but should not support the idea of having huge parties. Whether our party will have 1 million or even half a million members is not important.

What is important is for it to be vital, consisting of people turned to the future. The existence of such a party must be attractive to the voter. It must be open to society in order to be able to form coalitions and not aspire to make everyone its member.

Nonetheless, I would like to appeal to all of our party members who are waiting or hesitating, or have "frozen" their BSP membership. I am appealing to them with the request to take a more patient and closer look at processes, to see and understand the embryos of the new, and only then to make their final decisions. We do not wish for the replacement of party membership cards to turn into a campaign. It should rather be a serious political discussion as to what should be the nature of the BSP and the way in which all of us together could achieve it.

[Bonev] Do changes in the party not also depend on the behavior of the opposition?

[Tomov] They depend on it a great deal. All contemporary politicians and present political parties are, to one extent or another, in the same boat. When we row in the same direction, things will go well and Bulgaria will benefit. If we row against each other, both we and the opposition "will become hardened," and the boat, meaning Bulgaria, will stand still. One can very easily prove sociologically that, when the extreme forces in the SDS [Union of Democratic Forces] raise their heads, the processes of renovation within the BSP are held back. Furthermore, I believe that the opposition includes people who deliberately would like for the BSP not to renovate itself, although they claim the opposite.

We consider the appeals of some forces within the opposition who call for the overthrow of the BSP from power through street action or blocking the activities of the government absolutely undemocratic and conflicting with processes occurring in contemporary Europe. This is folly from the economic and political standpoint. Those who yield to it will be answerable to history. Within one year we proved to the world that a peaceful revolution could take place in Bulgaria, and, should we violate this process, it would deprive us for a long time of necessary investments and the confidence of politicians.

The opposition could demand power but only as a result of free general elections, in a natural way. Anything else could trigger incredible difficulties and question the democratic accomplishments.

[Bonev] Some opposition circles try to insinuate that the BSP is isolated from the world and has no possibility of surmounting its "loneliness." What is your view?

[Tomov] Even if such phenomena have occurred this year, to a great extent they are already in the past. In the last month alone, the renovating BSP has held a number of important international consultations with both East and West. Andrey Lukanov's governmental program has been accepted, as a whole, by the international financial and

credit institutions. Envoys of all the great powers recently attended the reception at the BSP headquarters building.

All of this is natural. Any unprejudiced person realizes that the democratic potential of the BSP has gathered a powerful inertial force and that its renovation is irreversible.

[Bonev] What is your view on the opposition within the party? It appears that the latest meetings of radicals within the BSP have not been well attended.

[Tomov] I believe that, in the same way that our political life needs a strong and constructive opposition, a democratic party, which I already consider the BSP to be, needs its own internal opposition. I not only sympathize with the radical groups within the party but also believe that they are among the most capable groups on which the party can rely. It is a question of young, highly educated, and knowledgeable people. Even with the 39th Congress over, their role has by no means ended. On the contrary, they are called on to maintain the live spirit of party renovation.

[Bonev] Do you consider yourself a member of the opposition within the party's leadership?

[Tomov] That is not the exact word I would use, although I have not changed my views concerning the radical renovation of the BSP. Furthermore, I consider my participation in the party's leadership an acknowledgment of the activities of radical movements and a direct link to their programs. As we know, anything we do, including dealing with the problems of guilt, property, and the elimination of the apparat style, is included in the programs of the radical movements, which were to be implemented by the end of last year.

My task as deputy chairman and coordination secretary is greatly facilitated in this respect by the overall renovation thrust of the entire party and its leadership.

[Bonev] Will the socialists be able to become like the contemporary left-wing European parties? According to the opposition, this myth was refuted by the 39th Congress, which, once again, gambled on the illusion of change.

[Tomov] The change in the party can be most clearly seen in the specific actions in which we are engaged. It seems to me that we have sufficient grounds, following the adoption of the new documents and having taken the specific practical steps, to claim that the BSP is irreversibly changing to fit the model of a contemporary European left-wing party. I believe that sooner or later this process will make possible the establishment of a broad left-wing democratic center, with the participation of other left-wing groups within society. Although today this is still not possible, probably next year, with the acceleration of social change, we shall be able to speak of something of this nature.

The change is not a myth; it has actually begun.

**Leader of BSP Movement for Radical Change  
Interviewed**

91BA0127A Sofia DUMA in Bulgarian 6 Nov 90 p 4

[Interview with Yanaki Stoilov, chairman of the Coordination Council of the Movement for Radical Change in the BSP [Bulgarian Socialist Party], by Dora Chichkova; place and date not given: "In Politics, Being a Radical Is Something Quite Relative"]

[Text] [Chichkova] Is it a movement in opposition or a movement with a position? This remains one of the debatable problems even after the Second National Conference of the DRP [Movement for Radical Change].

[Stoilov] One does not exclude the other in the least. I would even say that our ambition is to combine them. The purpose of the movement is to continue to rally the radical forces within the BSP in order to promote its reorganization and the conversion of the country to a market economy and a law-governed state. In that sense it will oppose anything that obstructs such changes. However, the movement will be acting at that point as a constructive and dynamic opposition.

[Chichkova] Yes, but the party is melting away. It is as though the radical movement itself is also melting. These days, one more ASO [Alternative Socialist Association] dropped out of the movement. Actually, according to the initial idea, the DRP should have existed only until the 39th BSP Congress.

[Stoilov] However, the congress failed to fulfill its role to the end. All it tried was to reconcile, not to surmount existing contradictions. That is why the need for a movement for radical change remained. To me, however, the most sensitive problems are other—whether the motivations and efforts of the members of the movement will be adequate and whether we shall have enough time to achieve such a change, because this depends more on circumstances outside the party.

[Chichkova] Other variants for the future of the DRP existed, as well, such as disbanding itself or turning into an independent structure outside the party. Nonetheless, who needs this movement?

[Stoilov] In my view, the need for such a movement is unquestionable. The other variant may have simply been like other movements that separated from the party and that brought variety in political and social life but were hardly able to change to any extent the aspect of our present policy.

Furthermore, we cannot ignore the social base of the movement. Many current members of the BSP are worthy people. They have already had the opportunity to leave the party. However, because their consciences do not bother them and they do not think that the idea of socialism has no place in our society, they have retained their membership despite reasonable reservations. They have remained in the party in order to promote through their efforts a change in society by creating an essentially

new party that would be consistent with their true interests. Naturally, there also are people who, to a certain extent, support that which we describe as conservatism—that is, people who have not abandoned some stereotypes of the old political way of thinking. Deep within themselves and in the eyes of other people, they feel that they are honest. Many of them are showing an inclination to change in the course of the dynamics of our political life today. Naturally, there are also some members of the BSP who remain outside our influence and whom we realize cannot be influenced.

It also seems to me that our views are not incompatible with the expectations of people who are either close to or outside the Socialist Party. They see in the DRP a certain obstacle to attempts at restoring the old system and the possibility of calming down the present tempestuous social life and instilling a greater amount of reason in politics.

Finally, even if the party were able to avoid additional upheavals related to the eventual worsening of the economic situation and the appearance of new facts related to its past, it is these healthy DRP nuclei that will provide the shape of a future party, the type of party that, in general terms, is described in the platform.

[Chichkova] Are you monitoring the attitude of the people who oppose your movement?

[Stoilov] Yes. I have noted a certain positive evolution in this attitude. The opposition press, however, is not entirely unanimous in its evaluations. It is as though it is offering greater scope to people who have chosen other variants. I wish neither to reject nor promote such variants because they are the logical consequence of the changes in the political status quo. However, I cannot consider as sufficiently serious the analysis of a political phenomenon when it is accompanied by promotional appeals to join another political organization. Things have gone so far as to claim that party variety should be reduced exclusively to one aspect of the political spectrum. This bears the risk of a partial return to the sterile simplistic society, without options, a period that is already behind us. I would say that a movement such as ours will be necessary in order to correct the policy of the state, even if today's rulers and members of the opposition were to change places.

[Chichkova] Through what specific actions does the DRP intend to make itself known as an opposition within the party?

[Stoilov] One of our tasks is to assist in shedding light on the recent past of the party and the extent of the responsibility it should assume for it. Many socialists fail to understand that a political entity is not equal to the sum of its members. Consequently, the question of the responsibility of the ruling party must be raised in its entire magnitude, without converting this responsibility into the personal guilt of every socialist.



We are also concerned with the question of the party's property. In comparison with the actual report submitted by the Commission on Party Ethics, the information provided by the congress was somewhat greater. One way or another, however, we did not achieve an overall assessment of the situation and a clear demarcation between the real contribution of the party and what the party obtained as a result of its long years of blending with the state. Nor was a resolution passed to provide an answer to this pressing social problem. It is imperative for this problem to be formulated within a law on the property of political parties and organizations.

[Chichkova] Are you disturbed by pseudoradicalism?

[Stoilov] It is not a question of the name. What matters in politics is consistency of action. I have watched the people, including the members of the Higher Party Council. Many of them consider themselves radical because of their desire for change within the party and do not feel burdened by the guilt and errors of the past. However, what happens is that precisely some such people occasionally adopt quite traditional positions. It is as though they are incapable of realizing the entire complexity of the process and taking the necessary steps. Such steps could sometimes be described as a compromise or an overassessment of views. This could even include the need to choose between two solutions on the basis of which one will enjoy greater public support. In politics, therefore, the concept of radicalism is quite relative. It demands a comprehension and categorical support of basic trends in events and a proper orientation within them, without betraying one's principles. In this respect, it is as though members of the parliamentary group who were initially more radical than others are displaying a more dynamic political evolution.

[Chichkova] There are those who consider the decision granting autonomy to the radical socialists within the Grand National Assembly as "laying a mine" under the parliamentary majority....

[Stoilov] In this case it is a question of interaction on crucial problems and the self-identity of radical deputies. However daring this may sound, an indirect confirmation of the realistic nature of this decision could be found, perhaps, in the similar processes occurring in the other East European countries. Thus, for example, the right-wing deputies within the Czechoslovak Civic Forum decided several days ago to establish an autonomous group without leaving the party's faction. We do not aspire to pose a meaningless threat to the majority. However, we may be a "threat" in the case of the one-sided formulation of ideas. We consider our role, above all, as that of shaping a position within the BSP Parliamentary Group.

Also quite essential is the fact that the correlation among political forces in society does not coincide with the correlation in the size of the parliamentary groups. Our decision, which is to back any constructive suggestion, regardless of its origin, could help bring closer to each

other the views of political forces. These are real processes in politics, within which we should seek a closeness, and the establishment of a balancing center.

[Chichkova] Do you hope for a similar readiness on the part of the other side?

[Stoilov] I not only hope for but also can already see the appearance of such harmony. For the time being, at least, however, it has not become a firm line of behavior. Last week's events in parliament indicate that some differences could be used as a pretext for the aggravation of the political situation. The reasons for this are twofold: on the one hand, the insufficient activeness of radical forces within the BSP, and, on the other, the aspiration of opposition circles to make use quite hastily of their increased political popularity. It is as though they are underestimating the harmful consequences to the country of an eventual parliamentary crisis. At the present time, the latter would inevitably lead to restraining the activities of the government and, therefore, to a critical worsening of the economic crisis. In such a disorganized society, mass outbreaks of spontaneous discontent and even clashes, which would prevent normal elections, could not be excluded. That is why, despite its shortcomings, the current parliament is ensuring the intensification of the democratic process and is strengthening the influence of the institution of the presidency. Given reciprocal political will, the Grand National Assembly can succeed in ensuring the adoption of a new constitution.

## CZECHOSLOVAKIA

### Reorganization of Intelligence Service Continues

91CH0149A Prague RESPEKT in Czech 2 Oct 90 p 4

[Article by Jaroslav Spurny: "It Is Forward Progress—Recapitulation of Evolutionary Developments at the Federal Ministry of Interior After 17 November"]

[Text] On Thursday, 21 December 1989, the press used inch-tall letters to headline the fact that the State Security Corps had been disbanded.

Of course, this was nonsense which was based on an absolute ignorance of the situation. On orders of Prusa, doctor of jurisprudence, only the activities of the Second Directorate of the StB, the component which was engaged in the struggle against the "internal enemy," were halted. Prior to that time, the state security chaps managed to burn the majority of the compromising material, if they did not hand it over to Moscow or into the hands of the CPCZ [Czechoslovak Communist Party] Central Committee. This matter has not been clarified to this day. According to Dr. Prusa, who had been responsible for heading the ministry until 31 December 1989, the inspector general of the Federal Ministry of the Interior had uncovered several cases in which documents were incinerated and the Office of the Prosecutor had actually initiated criminal proceedings.

Meanwhile (by mid-September 1990), however, no one has been convicted. Why? At that time, conceptions were already arising to the effect that the ministry should deal primarily with the struggle against terrorism, against organized crime, and against drug smuggling. This alternative was later taken over by Richard Sacher.

#### Postrevolutionary Minister

At the very least, his appointment to the position of minister was ill considered and, most likely, delayed the reorganization of the ministry. The public appearances of Minister Sacher used to be full of imprecise facts. For example, as early as January of this year he proclaimed that the chiefs of the various kraj and okres SNB [National Security Corps] directorates had been replaced. This is not true: To this day, some pre-November officials are occupying their positions.

On 1 February 1990, the press carried additional reports about the disbanding of the StB. This was more imprecise information. Only six departments and directorates out of 12 were transferred to the reserves. This decision is probably the greatest error in the struggle against "the old structures." Every member of the StB joined that formation on a voluntary basis and, right from the very beginning, while studying the agency directives, they had to understand that the activities of this component are not supported, either in the Constitution or in the oath of office, let alone in proclamation No. 120-1976 of the Collection of Laws, which speaks of human rights. What, then, was the significance of defending this component? The words of the minister to the effect that some departments must function within the framework of protecting the security of the state turned out to be superfluous subsequently. The activities of the remaining directorates and departments were virtually paralyzed during the 1st half of 1990; for example, intelligence equipment was not allowed to be used as a result of a ministerial order.

Although verification screening and civic commissions have accomplished a piece of work, the results are sometimes not commensurate with the effort expended. There were even some errors made. The numbers of StB members who must leave the service are not encouraging in any way. For example, in South Moravia Kraj, 450 out of 591 who were screened remain on duty! The mood is also not enhanced by the fact that 52 percent of the individuals involved are "only" with the public security police. As a result of an error made by Richard Sacher, who did not present the decision regarding the reorganizational changes at the ministry for approval to the government, members of the service were actually dismissed illegally. The new minister, Langos, had to later rectify this error. Moreover, pre-November cadres remained in office at the Ministry of the Interior. Sacher considered them to be professionals who did not care for whom they worked. Also, the service took on members from the 1960's, most of whom have the Soviet model of counterintelligence methods in their blood and, to this day, are seeking the enemy in the West. Hitherto, the

work of the State Security Corps has not been completely uncovered and some of the members, who are employed in other agencies, are not known for the time being. Even today, individual StB members hide behind the promise of silence regarding official secrets. To this day, not one of them has been hailed into court, although many were guilty of illegal actions.

#### A New Counterintelligence Service

In February, on orders of the minister, an Office for the Protection of the Constitution and of Democracy [Urad na ochranu ustavy a demokracie] came into being and today employs approximately 1,700 individuals. However, Sacher was never overly inclined in favor of its existence and tenaciously obstructed its separation from the components of the Federal Ministry of the Interior. (At the beginning of September, during a discussion with Langos, acting as a member of the Security Commission of parliament, he pointed out an alleged concentration of uncontrolled power in the hands of the agency. It is also interesting that TV carried Sacher's criticism in its programming, but failed to carry Langos' response.)

The first director of the agency was Formanek, doctor of jurisprudence, one of the reactivated members of the service. He had to depart in short order. He was one of those who worked in the old style and, according to several depositions, he had citizens followed or vetted without having any legal permission to do so. Following him, the agency was headed for a short time by Jan Ruml and, in July, the most recent director, Jiri Mueller, was appointed.

In the proposed law, the Office for the Protection of the Constitution and of Democracy (which will most likely become the Federal Service for the Protection of the Constitution in the future) is conceived as a secret service, "responsible for the acquisition, concentration, and processing of information which is of importance for the protection of the constitutional system, of territorial integrity, independence, and of the economic interests of the state, for its defense capabilities and security, for the protection of civil and human rights and freedoms, and, to the extent outlined by the law, even for the defense of the life and health of individuals and property." In order for the office to be able to fulfill these tasks, it needs appropriate support, primarily through the use of intelligence equipment, the use of which continues to be proscribed despite all efforts on the part of the office. Thus, a situation occurs in which the office is completely powerless. Recently, an unknown man threatened to mount a terrorist attack and outlined certain conditions, stating that he would call the next day at 0800 hours. Through the offices of the state prosecutor, employees of the office requested the Postal Directorate to grant them permission to install a telephone tap so as to localize the telephone subscriber station involved. Responsible employees of the postal service did not acquiesce to the request because it ran counter to internal regulations. If the office continues to encounter similar difficulties, it will most likely not be overly successful. On the other

hand, there is, thus far, no control organ to ensure compliance with the laws on the part of the employees of the office. The proposed law on the federal service contains two variants of this kind of organ. Control will be exercised by a specialized organization established by parliament or by parliament in collaboration with the Office of the Inspector General of the Armed Forces (which has thus far not yet been established).

### Personnel Problems

The structure of the present office is broken down into four sections: operations (not counterespionage—actually that function is the function of the entire office), surveillance, intelligence equipment, and organization. A newly created analysis department is directly subordinate to the director.

The operations section is the executive organ which processes the findings of the surveillance and intelligence equipment sections. More precisely stated, it should do so. For the time being, the equipment is out of service and only the surveillance section is operating and is actually showing certain results which it transmits to the operations section. However, the operations section employs 90 percent of the former members of the StB. Their chief is a reactivated intelligence officer who was appointed by Mr. Formanek. "Employed" is the proper expression because the members are, in actual fact, not working. Whether this is due to the incompetence of the chief or as a result of their unwillingness, no one dare guess. Unfortunately, they thus debase the work of the surveillance component which, in this case, tends to create its own small operations sections, something which results in a certain danger. No unit should function outside the authority outlined in the regulations or in the laws. It is said that the Rapid Deployment Unit [Utvar rychleho nasazeni] is in the same situation.

The director of the office is promising that he will create a truly functioning secret service apparatus within two years. Naturally, such work requires time and patience, but it is also important to show some results even now. Nobody is consistently monitoring the activities of KGB agents or of discharged StB members. The CPCZ Central Committee allegedly has higher quality information regarding the office than the office has regarding the Central Committee. The counterintelligence component is working on several economic cases, but it is not even able to record the majority of actions by the Mafia.

Thus far, there are no laws regulating the relationship between the future independent service and the individual police and investigative components, which fall under federal or republic ministries. Buildings, transport facilities, and technical facilities as well as inventory from the Federal Ministry of the Interior have not been contractually transferred to the office (which is part of the Ministry of the Interior). Currently, therefore, there is an intertwining of personnel, official and legal relationships which does not bode well for the actual efficiency of the secret service. Until recently, the office was

subordinated to one of the deputy ministers who was, to a certain extent, empowered to intervene in the personnel staffing of the various sections. Since the beginning of September, the office is under the jurisdiction of Minister Langos.

### Are the Bad Times Over?

Minister Langos has five deputies under him, most of whom already worked for Minister Sacher. Deputy Minister Kohut takes care of the directorates of communication, developments of automation and equipment. All legislative affairs and the economic department are under the jurisdiction of Prusa, doctor of jurisprudence, and passport matters and foreigners, as well as the Federal Directorate of the Uniformed Police are under Jan Ruml. Deputy Samel commands the military components of the Ministry of the Interior which will utilize important buildings and objectives for defensive purposes (say, nuclear power plants) and the border guard, which should, in the future, be professionalized in accordance with the West German example. The last deputy is Kral, doctor of jurisprudence, who has jurisdiction over the flying squad, the Construction and Accommodations Directorate, and the directorate which protects constitutional officials.

At the Federal Ministry of the Interior, the press department is not staffed. All of its employees recently left the service because the screening and civic commissions decided that they are not suited to remain in the service. Since the beginning of the year, they have not independently provided the public with a single item of substantive information and were absolutely incapable of reacting to domestic as well as foreign articles which dealt with the ministry.

Another matter which it has not been possible to systematically solve is the staffing of leadership positions in the kraj directorates of the SNB (which should, however, be disbanded). The situation at okres-level directorates was also influenced by this development. In South Moravia Kraj, 36 percent of the decisionmaking functions are staffed by old cadres. The case of the okres directorate of the SNB in Zlin, where the post of commander had long been vacant, was noteworthy. The first applicant, the chairman of the Verification Commission, Gerych, allegedly withdrew his application for health reasons. The commandant of the kraj directorate of the SNB, Mr. Popelar, recommended Major Moravcik, doctor of jurisprudence, candidate of sciences, for the position and the Civic Commission in Zlin approved him trustingly. It was not until later that it was found that Mr. Moravcik used to teach at the StB Faculty of the Advanced SNB School and also lectured at Zastavka near Brno to students from developing countries—in other words, to potential terrorists. This case, in which responsible officials attempted to push a compromised interestee through to command positions, is not an isolated one.

Since November, the Federal Ministry of the Interior is the publicly most monitored institution. To transform

an apparatus which was the principal supporter of communist power into an organization to protect legality is a difficult task. Sometimes, it is downright Sisyphean. Even some newly appointed officials (primarily from among those who have been reactivated) occasionally appear to be inept and unwilling to newly organize the police structure and police work.

In spite of all difficulties, however, the ministry is changing. According to F. Starek, the press spokesman for the Office for the Protection of the Constitution and of Democracy, the office is, in fact, one of the government agencies which has progressed the farthest in its reorganization. The majority of the important positions are held by people from previously independent facilities. This should be a guarantee that the ministry will not be abused and that it will adopt the kind of control mechanisms which are currently in use in developed democratic states.

## HUNGARY

### MSZP Suggests Meeting of Left-Wing Socialist Parties

91CH0128C Budapest MAGYAR HIRLAP  
in Hungarian 25 Oct 90 p 2

[Hungarian Telegraph Agency (MTI) report: "MSZP-CPSU [Hungarian Socialist Party-Communist Party of the Soviet Union] Negotiations: Leftwing Socialists Want to Meet"]

[Text] The Hungarian Socialist Party [MSZP] recommends a meeting of Central European leftwing socialist parties, so that socialist, social democratic and other leftwing parties and groupings—even the Green movements—discuss the problems of the region. The CPSU received this initiative with a clearly positive attitude, said MSZP national secretary Imre Szekeres in summarizing his Moscow negotiations.

The MSZP secretary conducted negotiations at the CPSU Central Committee between 22 and 24 October. He met with leaders of the Communist Party of Russia, and was received on Wednesday by Gennadiy Janajev, the international affairs secretary of the CPSU CC.

Szekeres recalled that no similar meeting between the leaders of the two parties had taken place since the spring elections in Hungary. The MSZP was primarily preoccupied with domestic policy issues. Now the time has come to settle international relations not only with the CPSU, but also with other parties of neighboring countries.

Szekeres claims that the relationship between the MSZP and the CPSU is of a different quality than what the Soviet party and the Hungarian Socialist Workers Party [MSZMP] had maintained before, and that the MSZP also intends to establish contact with other parties in the Soviet Union.

Issues related to Hungarian-Soviet relations were also discussed, according to Szekeres. "Although as the politician of a small opposition party my sphere of movement is limited, I came to Moscow with a mandate to signal to CPSU leaders that we had experienced a decline in Hungarian-Soviet relations—mainly in economic relations—during the past several months.

"We also agreed that these relations must be built free of discrimination. The Soviet party leaders believe that the problems are not caused by political shocks, but much more by troubles related to economic transition.

"An agreement was reached to the effect that we will discuss these problems in the course of bilateral negotiations with MSZP experts, including professional economists and parliamentary representatives. Such a meeting will take place shortly in Budapest. We also propose that this conference be an open conference, that is, we will enable other parties and the government to take part," Szekeres said.

### Special Pensions, Pension Supplements To Be Terminated

91CH0152A Budapest MAGYAR HIRLAP  
in Hungarian 26 Oct 90 p 3

[Report on legislative committee activities: "Special Pensions, Pension Supplements To Be Discontinued"]

[Text] The legal interpretation and politics of reviewing individual pension payments and terminating pension supplements was the subject of a debate at Thursday's session of the National Assembly Committee on the Constitution, Legislative Development, and the Judiciary.

The purpose of the related legislative proposal is to discontinue special pension payments awarded to certain state leaders, as well as certain pension supplements which accompany the award of decorations and other recognitions. Beginning 1 January, persons who have received special pension payments thus far, will receive payments consistent with general rules applicable to pension payments.

Pension supplements paid thus far in conjunction with the various steps of certain decorations and titles will be paid only on the basis of the outcome of a special petition and review process. The decorations and titles involved are: the Hero of Socialist Labor, the Order of Peace and Friendship, the Order of the Red Flag, the Order of a Socialist Homeland, the Order of Hungarian Freedom, the Memorial Medal of Worker-Peasant Power, the Order of the Hungarian People's Republic, the Order of the Hero of the Hungarian People's Republic, and the Order of the Flag of the Hungarian People's Republic. Anyone able to prove that any of these decorations were awarded in recognition of achievements in the fields of science, the arts, or sports may be entitled to receive pension supplements of the same amount as before. The legislative proposal also

provides for the termination of the national caring [as published] fee. Outstanding artists, masters of folk arts, persons who were awarded the gold medal at Olympic Games, persons distinguished by having been awarded the title of Worthy Artist, and those who have received the "prime minister's recognition for meritorious service in the national resistance movement and the anti-German fight for freedom," i.e., Hungarian citizens who took part in the armed fighting as partisans, will continue to receive the amount of pension supplements in the form of supplemental payments [as published].

Socialist party [MSZP] members of the committee expressed concern over the review process, and in particular, the retroactive review to determine whether holders of the decorations and titles receive their award based on political, or on some other professional considerations. In their view, the process may either become a formality, or may violate individual rights. In some instances, certain people may be offended or humiliated for no reason.

## POLAND

### Lack of Strong Christian Democratic Party Explained

91EP0068A Warsaw LAD in Polish No 39,  
30 Sep 90 p 3

[Article by Janusz Zablocki: "Why Is There No Strong Christian Democratic Party in Poland?"]

[Text] In an interview granted recently to the Polish Press Agency (PAP), the Polish primate, Jozef Cardinal Glemp, was asked for the reasons why a strong Christian Democratic Party had not yet arisen in Poland. Indicating the real sources of this state of the matter, Cardinal Glemp pointed out that a more precise analysis was a subject for politicians. Encouraged by this, I am addressing the issue.

The question asked by the PAP journalist is heard often. Many people cannot understand why, in a country as deeply Catholic as Poland, the Christian Democratic Party does not play a leading role on our political stage, why this role is given to other political factions. Some commentators who are ill-disposed toward this Party would like to see in this an argument for its anachronism or disqualification of its leaders. Actually, the matter is not that simple. The reasons for the phenomenon are manifold and complex. Without diminishing the responsibility for this state of affairs of the Christian Democrats themselves, we must acknowledge that its causes have a primarily objective character, that they emanate from history and specific sociological events.

We should then start with the statement that in Poland there is no strong Christian Democratic Party since we do not, thus far, have any strong political parties. This phenomenon is specific to today's Poland, setting it apart from other postcommunist countries of Central

and Eastern Europe where the process of formation of a modern, pluralistic, multiparty system similar to that which exists in the West is proceeding much more rapidly than in our country. Why is this happening? The key to understanding this, in my opinion, lies in the uniqueness of the Polish road to democracy.

First, Polish society, as distinct from those countries, has behind it not a year, but 10 years filled with Solidarity's battle for survival, years of martial law, strikes and repression, political tension, and increasing economic decline that each year became a more difficult burden to bear. This resulted in the situation that today, at the turning point, our society is weary and exhausted by those 10 years. Also, in the life of the people, there is a thing that might be called durability of the material. For this reason, today, simultaneously with authority being turned over by the Communists, there is a need for extensive activity; the people cannot bring themselves to undertake such activity on the former scale. For this reason, Solidarity, reactivated finally after a persistent struggle, can gather no more than 2 million members when in 1981 it had 9.5 million. This is why we have less frequent elections than do our neighbors. This is also why political parties are developing more slowly here than there.

Second, the uniqueness of the Polish road is expressed in the fact that during those 10 years, Solidarity became the actual representative of the Polish people in the political sphere, although it describes itself only as a trade union and a social movement at the same time. The need for unity in the battle against Communist authority fixed its special monopoly in the consciousness of the people. The most active and the most conscious forces in society identified with Solidarity, and attempts made by the authorities to destroy this union, especially by introducing martial law, reinforced this identification even more. This explains why, after the Communists were deprived of the authority that was indispensable and necessary to them, the subsequent process of differentiation in the Solidarity camp is proceeding with such difficulty and so painfully. Without this differentiation of programs and political groups, Poland cannot be brought to pluralism, to a normal, European multiparty system. However, while people of other Central European countries, freeing themselves of communism, move toward the same goal, we in Poland, considering the uniqueness of our history, are forced to approach it by a circuitous route, waiting until the post-Solidarity camp, which monopolized our political scene thus far, becomes differentiated. Not finding sufficient room for themselves, the political parties therefore develop more slowly in Poland than in the GDR, Hungary, and the Czech and Slovak [Federal Republic].

The Primate also indicated another reason for the slow regeneration of the Christian Democratic Party in our country. That is the break for more than 40 years of its historical continuity. The Labor Party was forced to suspend its activity in 1946. It is obvious that of its members, almost none are here today. The regenerating

Christian Democratic Party must look for support from a new group of activists. And there is no such group, there were no conditions under which such a group could develop during that time. Consequently, during those 40 years, the policy carried out by Communist authorities of removing believers from public life and not allowing them to hold management positions was not without its result. Its result is that the political elite trained during that time largely represents a laicized-left orientation. This elite, trained in Marxist schools and scientific institutes, in press and television, in diplomacy, economics, and administration, predominantly with party legitimization, moved away in time from the Polish United Workers Party (PZPR) and, in part, even moved to the opposition. It played a real role in Solidarity where it was dominant in the circles of consultants, and today it plays no small role in the Senate and the Sejm, in the government, in mass media, and in political activity. But, understandably, it supports groups and directions close to its mentality. The Christian Democratic Party must still train its own activists. This process of producing a new growth of a Christian Democratic political elite has already begun and is continuing: supplying it are the higher institutions of learning which have lost their Marxist stamp some years ago; it is growing out of student organizations, trade unions, and self-government groups. But time is required for this political elite to acquire the necessary maturity and experience, to produce activists and leaders recognized not only on a local scale, known not only in their own circles, but nationally, with names known throughout the country and abroad. This process cannot be artificially hurried.

Not without meaning for the tempo of regeneration of the Christian Democratic Party is still another circumstance which the Primate did not mention in his interview, but we cannot omit it if the analysis is to be complete. This is the ambient climate in which the process is taking place. The circumstance that in a country as Catholic as Poland, the Christian Democratic Party has a potentially massive public base and can easily grow into an important political force works against it in a certain sense. This mobilizes the counteraction of strong opponents interested in preventing the Party from achieving success since that would threaten the influence that they had gained. This statement has nothing in common with admitting some kind of conspiracy theory of events, but is simply an objective description of reality. Even an impartial observer must entertain the thought that a continuous, obsessive campaign, going on in Poland for years, open or secretly conducted, is directed against the Christian Democratic Party and aimed at tarnishing its image in the eyes of Catholic opinion. This campaign places most varied forces in a common anti-Christian Democrat front; their common denominator is the fear that the Christian masses of our country might organize and speak with their own voices, that they might decide the fate of the country according to their convictions. It is understandable that such a vision would cause sleeplessness among the Communists of the PZPR who, with each thaw,

vigilantly looked for the danger of a regeneration of the Christian Democratic hydra, incessantly demanding that deputies of ZNAK repudiate it. Still conducting roundtable discussions, they intimidated the Labor Party, which was renewing its activity, saying that it is an illegal organization. They were ready to recognize Solidarity in Poland, negotiating with its leaders and consultants in Magdalenka, but not the Christian Democratic Party. Finally, when the PZPR forces left the political scene, it developed that their attitude found a continuation in the position of its partners of the roundtable—the faction opposed to Solidarity—from which, it seemed, we had a right to expect understanding and support. Obviously, the Christian Democratic Party was not denied outright the right to exist, that would be clearly contrary to the slogans of pluralism being touted at the time. Instead we heard that the rebirth of the Christian Democratic Party is ill advised and damaging to both the people and to the Church itself, or at least premature. In TYGODNIK POWSZECHNY, Jerzy Turowicz wrote: "If, in general, it should become expedient to form some kind of Christian democratic faction in our country, then this should be done only under conditions of complete, multiparty pluralistic democracy; such an initiative should be postponed until some kind of socialism 'with a human face' becomes a reality in our land" ("A Few Remarks on the Subject of Political Pluralism," TYGODNIK POWSZECHNY, 2 Oct 88). Such an orientation, dominant in the circle of the then consultants and coworkers of Lech Walesa, was expressed in a policy, agreed upon with the Communists, of not allowing Christian Democrats to participate in the roundtable discussions, in eliminating them, despite declarations by both sides of a readiness for unity, from the candidates list of the Citizens Committee in last year's elections, and in a malicious and unfair propaganda campaign in GAZETA WYBORCZA. Much could be said about this since the documentation is rich. However, this is enough at this time.

The general Catholic opinion does not always properly evaluate the actual sense and coordinated nature of the propaganda campaign against the Christian Democratic Party. Here we can see the results of the many years of laicizing [public] consciousness. In many circles Christianity is reduced exclusively to a cult and a reverence for symbols. If it involves obligation, then it is obligation in the sphere of individual morality; much weaker are the obligations it imposes in the sphere of public life, in the public sphere, where the offensive of laicization has established an unwillingness toward open espousal of Christianity and where the dogma of religion as a private matter continues to be cultivated. Because of this, many Catholics, even priests, are persuaded that any kind of specific Christian formation in political life is unnecessary since all (or almost all) politicians active in this life assure us that they respect Christianity. Such reasoning could be heard especially during last year's elections. But when those candidates found themselves in the Sejm or in the Senate, it became apparent that in questions fundamental to the Catholic conscience, such as defense

of the unborn or return of religion to the school—questions on which Polish bishops and the Holy Father spoke unequivocally—many of those “Christian” deputies and senators take the opposite stand, supporting the arguments of the laicized camp. Is this not experience that would lead to reflection and drawing conclusions?

In looking for an answer to the question on the source of the weakness of the Christian Democratic Party in Poland thus far, we concentrated our attention on the objective reasons. This does not entail a release from responsibility of the Christian Democrats themselves or, even more, that there were no mistakes on their part. Not at all. Today, in Poland, there is no strong Christian Democratic Party also because the leaders that make up the even more numerous factions and Christian democratic groups today have not exhibited the ability to develop together a far-reaching program or to cooperate, to join forces and build, in place of many groups acting dispersed and alone, one common political formation. Such a process of integration is indispensable for the Christian Democratic Party, and only this process will lead it from the periphery to its rightful position on the Polish political scene. In his interview with PAP, the Primate expressed his expectation that such a process will occur. This is the expectation of all of the Catholic people which we must promote. How this is to be done in the specific political conditions of Poland is a subject for another article.

## YUGOSLAVIA

### Croat Social Democratic Party Leader Interviewed

91BA0080C Zagreb *DANAS* in Serbo-Croatian  
30 Oct 90 pp 18-20

[Interview with Antun Vujic, president of the Croatian Social Democratic Party, by Vesna Bluml; place and date not given: “The Staggering of Croatia”]

[Text] The Croatian Social Democratic Party [SDSH] is one of our parties which, at least by its name, does not cause any misunderstandings on the world party scene. People know what social democracy is, to whom it appeals, and what it supports. Here, however, it is still split between suspicion of the previous discredited representatives of workers’ interests, and the general preoccupations with nation, state, and sovereignty. In our country social democracy has yet to be created, according to Antun Vujic, this party’s president, a doctor of philosophy, a “doubter” since 1971, which he speaks of a bit nostalgically, but who is firmly present in our far from romantic everyday life. Less vocal than certain other party leaders, but known for his eloquent speeches, and the party’s often very up-to-date reactions to political actualities, Vujic has undoubtedly become a rather well-known leader of the social democrats. Some former adherents and colleagues have accused him of authoritarianism, and some have even left the party; Vujic’s comments on this were moderate, accepting our pluralist conflicts as understandable processes in giving birth to

democracy. The SDSH was faced with one of those experiences a few days ago, when clear signals came from the camp of the reformed Communists that after the League of Communists of Croatia-Party of Democratic Changes [LCC-SDP] congress, that reform could end in social democracy, even assuming an almost identical party name.

[Bluml] Will we gain one more social-democratic party? Have you protected your name, like the Slovene Social Democrats?

[Vujic] Yes, we have protected our name, in the versions with Social Democratic Party, with derivatives with the letter H [for Croatian or Croatia] before or after, and so on. Let us understand each other: Our openness toward anyone who accepts the social democratic program is not in dispute, but it seems to me that plagiarizing the title borders on poor taste. Introducing confusion is an unacceptable method. The Communists can no longer do what they want to. In this way, they are spoiling our chances, without improving our esteemed colleagues’ chances.

[Bluml] I assume that not only the name is in dispute?

[Vujic] The issue of the name, of course, conceals more profound motives, including the ones that have gone so far that some people have to change it. It has been shown that those who persecuted social democracy as counterrevolution and revisionism are now trying to take over its name! I am also surprised that those who boast that they have initiated democratic processes, and initiated them under the name of Communists, suddenly need to change that name itself. If their conscience is not clear, they will not purify themselves by changing their name. Ours is, because we are a party that was formed from the opposition and because we satisfy the three basic criteria that are the foundation for our social democracy, and with respect to which our esteemed colleagues have not quite taken a position. The first one is the issue of building a Croatian state, on which we are insistent; the second is the social question, as the issue of building Croatian society democratically; and the third is a demarcation with respect to older and more recent history. And thus, while for us revisionism has always been something positive, for the Communists it was some sort of counterrevolution. While for us 1971 was one of the well-springs, the SDP has not yet even taken a clear position on the Croatian Spring. The last word there has remained “nationalism and counterrevolution.”

[Bluml] You often mention the Communists’ position on 1971. Why is that so important to you?

[Vujic] It is important for this context that we are discussing. I think that those who claim that they are inheriting leftist traditions, but have directly participated in a repressive type of resolving conflicts on the left, including those conflicts which have become formative for modern politics, must take a clear position on their own methods and their consequences. The year



1971 was one of the last attempts to change socialism within the framework of the value system of socialism itself. Perhaps it was contradictory in that regard, and perhaps even pathetic, but it nevertheless expressed society's desire for democratization and freedom, including national freedom. For that reason, the suppression of the Croatian Spring, after which we had the period of the greatest re-Stalinization of Croatia, gives that year democratic significance.

[Bluml] Probably not only the theoretical position on 1971 is problematical, but also the fact that some people from that period are still part of today's LCC?

[Vujic] The vast majority of those people are still active, including those who attached labels to many people, including ones in our party, as a result of which they not only lost their jobs or civic careers but even went to prison. How can one talk about rapprochement, and ignore the elements of a true schism that assumed the dimensions of an antagonism between democracy and totalitarianism?

[Bluml] What then, in general, are the chances that there might possibly be a coalition between those two parties? In spite of everything, it seems to me that in terms of their program, the reformed LCC and SDP are not essentially different from your party.

[Vujic] They differ in their political position and thus also in their programs, which can by no means be reduced to their rhetorical appearance. Generally the left is frequently talked about here as a sort of romantic world view, without knowing what that actually means. That is significant not only for the present situation in Croatia, but also for all the countries that are faced with the transformation of socialism. The former regime's party has been so impregnated with the structure of totalitarian authority that it cannot be define either as a libertarian party or as a party for the emancipation of that oppressed part of the population that it itself has created. For that reason, the problem with the SDP is a twofold one—the problem of their being freed from their former monopolistic position, and then the problem of political credibility, whether, in fact, those same people can carry out two different processes.

And furthermore, as far as the name is concerned, we are bound by certain international customs, as members of the Confederation of Social Democratic Parties of Central and Eastern Europe, and as potential members of the International, and according to those customs, disguised parties are not accepted as parties with a social democratic identity. We are certainly open to anyone who accepts our program, but we are not ready for a fusion of our organizations. Of course, since some of the Bolshevik Communists are in the Croatian Democratic Community [HDZ] or Serbian Democratic Party [SDS] at this very moment, we do not have any reservations about reformist individuals. We have reservations about their organization.

[Bluml] To what extent, under our conditions, have you even been able to organize yourselves as a modern social democratic organization?

[Vujic] As a party, we have yet to achieve social democracy, and not just social democracy, but also modern party life and even other parties. In the first place, we do not have what the world has, i.e., a stratification of social interests from which different parties emerge by the nature of things. Here, parties differ rhetorically, but in their substratum, only arbitrarily. We are still in the preliminary phase of building democracy, in contrast to the world, where social democracy is a well-defined program. Today in Europe it is expressed not only as the political position of labor and the employed, but likewise as a modern political option which encompasses new social movements like feminism and the ecological movement; it is particularly sensitive to young people, and so today social democracy in the world is even developing in accordance with a transpolitical sphere. Here, however, the conditions still have to be established for something like that; and those conditions are the development of democracy, on one hand, and, in our opinion, the establishment of Croatian statehood with all of its consequences as a precondition for approaching social issues, in which we are primarily interested.

[Bluml] I think, however, that the issue of establishing statehood and sovereignty is not in dispute in any of the parties, from the party in power to the opposition parties.

[Vujic] I would not say so. I would say that great differences can be seen among the opposition parties in that respect, and that many statements, and especially the conduct of individual parties, indicate that there is a really broad range of views, not only of methods, but also of the meaning of the establishment of statehood. We, for example, are not satisfied with the iconographic form of the establishment of statehood; that is quite secondary for us. We are also not satisfied either with these forms of a confederal treaty that have been proposed, and which are somehow coming before a constitutional Croatian state has been established on the basis of a new constitution. People are also talking about confederal relations with those who do not satisfy the fundamental democratic prerequisites. That is why I am closer to the position of our social democratic colleagues in Slovenia, who feel that one can truly discuss a confederation only after the adoption of the Slovene constitution. The other type of differences arises from the methods and means of action, and thus also the position of the parties within the framework of the concept of the state itself. Since we are a party that has sharply opposed the identification of the party and state, we reject the solutions that would head in the direction of establishing a party statehood. That is why we do not view the talks being conducted between some HDZ and SDS representatives with sympathy, for many reasons. One of them is that the SDS has not renounced the methods of terrorism, and instead some of their representatives are even advocating it. As long as a party legitimizes itself in that way, one cannot



negotiate with it. An even greater problem is that two separate policies are identified here as negotiating policies with respect to the Croatian state. The HDZ does not express the consensus of Croatian policy, nor does the SDS express the consensus of the policy of the Serbian people in Croatia.

[Bluml] You mean that this is the answer as to why you have not been in those peace marches?

[Vujic] As a party, we do not participate in the type of peace actions that include negotiations with a party that has not disassociated itself from the directly terrorist practices of its members, and whose representatives call for terrorist actions even at public meetings. I think that such negotiations are a farce and a lie. We had the first and broadest concept of coexistence with respect to the Serbs, including various types of autonomy, and including the development of national institutions and all forms of the encouragement of national identity. That is why we now consider ourselves sufficiently pure to distinguish Serbs from the bandits who at this time are simply carrying out a fifth-column, Milosevic-type aggression against Croatia. We are very definite, frank, and clear about this. We feel that the state should do what it is obliged to—protect everyone in this region, both Croats and Serbs, and also some Serbs from certain other Serbs. Instead of that, it is recommended that we not travel along those roads! I spoke recently in Sibenik; the people there are in despair and demoralization has set in, because the party that gave them great promises is not even doing what some dead chicken of a party could do, i.e., clear the roads, and strike against terrorism. Political issues are something else.

[Bluml] Perhaps that can nevertheless be justified by the danger of a civil war or military coup that is afflicting Yugoslavia?

[Vujic] We are opposed to attempts to exploit a situation in which a civil war or military coup will be threatened, and since those are two evils, then it is necessary to rush into any sort of agreements whatsoever. I think that agreements about the future of Yugoslavia cannot be created under any sort of pressure from any sort of invented military coups or civil wars, especially since those civil wars are being caused by those who would like to profit from their more favorable position to divide Yugoslavia, and to reduce Croatia to a position beneath that of the prewar Banovina.

[Bluml] If not agreements, what are the solutions for the establishment of coexistence?

[Vujic] The solutions lie in completing the process of building states within a new sphere of Yugoslav relations, with a completely modern legacy and the kind of relations that Europe today is offering in a multinational framework. The disintegration of such multinational states is actually only one aspect of a universal process of integration in Europe. On the other hand, Yugoslavia has fulfilled its historic mission as a country that emerged within one version of Pan-Slavist ideology, and

one version of defense against external enemies. Today we do not have external enemies in the same way that we had them at the beginning of the 20th century. The small Slavic peoples today have become their own greatest enemies, as a result of the perpetuation of a framework for their community that could only be legitimized and maintained through repression. The paradox is that under that repression no one is satisfied, and everyone feels that he is a victim of repression. Obviously, the peoples themselves cannot be guilty of this, but only the way in which their state is organized.

[Bluml] What do you think about how the elections in the other Yugoslav republics will go, and what path they will follow?

[Vujic] I would not venture to predict the results of the elections, but what is inevitable is the fact that we are facing a divorce. It is therefore necessary to learn—and that is what we are advocating—that a divorce is not tragic, and that it is much more tragic to live in an unhappy marriage than to get divorced happily. That does not mean abandoning civilized ties and obligations. We feel that Croatia also has civilized ties and obligations toward others that do not result from any sort of mortgage on its part, but rather from a moral obligation, an honest policy, because what was created by our grandfathers cannot just be abandoned. But if within a country that calls itself a unified state it is possible to conduct local wars, introduce internal tariffs, and boycott the flow of goods and money, then it is quite clear that the love is over with and that within that country people are doing what should not even be done between independent states in the international community.

[Bluml] Aren't you frightened by the threats of a redrawing of the borders in the event of a "divorce"?

[Vujic] I personally am not frightened by them, although there are always maniacs who would risk a catastrophe. If the process of the democratization and confederation of Yugoslavia is completed—and in my opinion, they are only two aspects of the same process—then the borders cannot be questioned. Anyone who means well—I will not talk to the state, because there virtually is none, but rather to these peoples—will not raise the issue of the borders. We feel that a sovereign Bosnia-Herzegovina, Montenegro, Macedonia, and Serbia, probably federal, if it has any sense, are the way to resolve the Yugoslav question, since Yugoslavia can also join Europe as a Yugoslav commonwealth [in English in original], but, of course, as represented by the republics that constitute that commonwealth. That is understood today in Europe. We are simply lagging behind the world in interpreting our own situation, just as the party in power is lagging far behind in its means of implementing the policy that it is trying to patent, i.e., the achievement of a Croatian state.

[Bluml] Sovereignty, statehood, confederation, federation... we are as involved with that as if life were

somewhere else. Shouldn't the social democrats, at least, turn toward some other concerns, especially social ones?

[Vujic] We are not preoccupied with the issues of statehood; we only advocate that it be resolved as soon as possible so that we can get to the other issues. What is happening to us is, in fact, like what happened to the prewar left, that genuine one: we have to deal with those issues which contaminate the possibility of substantive action by the left, action on the social issues. We are in a paradoxical situation in which the HDZ is the main workers' party, not social democracy, even though we have put social issues in first place, the issues of the rehabilitation of labor and even workers as a social category. That indicates that people commit themselves to certain values when they are not "finished," and so they are not allowed to turn toward everyday values and problems of their own existence. Consequently, this has to do with a sort of political contamination of social issues by state issues.

[Bluml] Perhaps having this contamination maintained suits someone?

[Vujic] Absolutely. There are plenty of reasons to suspect that it suits someone, because we see that political relations are being implemented in which the essential social relations are unchanged, and in which one regime only succeeds another on the basis of the same prerequisites for ruling that the first one ruled by, and the two regimes are often even intertwined. We can be happy that OZNA [Department for the Security of the People] beat UDBA [State Security Administration], but we would like a society without either OZNA or UDBA; we would finally like to have a civil society.

[Bluml] In waiting for the prerequisites for substantive action by the left, have your workers' commissions also failed? Last summer, you announced them as a sort of instrument for the protection of workers during the "pathology of the transitional period," as you yourself called this period.

[Vujic] Well, first of all I would say that it did not flourish, but failed, because sooner or later we have to come to that. Specifically, we proposed those workers' commissions because we found ourselves in a situation in which all the workers' self-management rights were being completely taken away—and whatever they were like, those rights nevertheless existed—and at the same time nothing was being done to protect the workers. The position of employees in Croatia and in Yugoslavia is worse than the position of employees anywhere in Western Europe. Once again we have the policy of committees, only this time they are not communist ones, but of some other party; we have the possibility of a worker being thrown out of work whenever it occurs to a management body; social problems are accumulating, but mechanisms to solve them are not being established, and not only in the sphere of social policy, but also in the sphere of worker participation as a civilized form of social relations. In that regard, the first thing that we

proposed was creating the institution of workers' commissions, which were supposed to replace the self-management workers' inspections, which had been discredited because they were part of the technology of authority. In a multiparty system, where the workers had their own trusted representatives who would primarily protect their interests and not become involved in managing the enterprise, such an institution could exist regardless of whether the enterprise was private or socially owned. Now, on the contrary, the situation is as follows: the management structure has inherited authority over social funds and can act like a private body, even though those funds, in the final analysis, are joint ones. That is why we proposed a particular model of reprivatization that would take into account the fact that those who created social wealth also had to participate in the distribution of social wealth.

[Bluml] And what happened with that model of yours?

[Vujic] We wrote it and offered it to the government, but we did not receive any answer. That is why we are now making as much of an uproar as we can.

[Bluml] Perhaps the fate of this proposal of yours is an illustration of the answer to the question of what the real scope of the Croatian opposition is today.

[Vujic] We undoubtedly had democratic elections, and so although they were not equal and thus not fair, I am not questioning their legitimacy. The fact is, however, that democracy today is being manifested exclusively as democracy within the framework of the Parliament, and that, of course, is limited by electoral law and the relationships created in Parliament. Parliamentary democracy, however, is only the beginning of democratization. We have to talk again about social democracy, and that means the development of independent institutions, institutions for general social control over both the government and over its rule, over ownership that is not private and over rule that cannot be arbitrary. In that respect, the basic issues are the position of the judicial system, and the position of the public media, educational institutions, trade unions, and everything that makes a modern civil society. I do not see that we have made any progress at all in that sense.

[Bluml] It does not seem likely that with the present balance of power, the opposition could do anything more in that regard except to convey its good intentions.

[Vujic] I think that we are needed to plan democracy, no matter how paradoxical that sounds. Every country like ours, which is now going through the transformation from a one-party regime to a multiparty one, has to ensure space for the so-called planning of democracy, i.e., an agreement among various entities, including not only parties but also independent institutions, regarding the course of democratization. I would mention the Czech example, which I think could have given rise to the greatest results, where first of all a legitimate authoritative body like the president of the republic was ensured, which in a way is a position that can be

appealed to and establishes the objectivity and fairness of the process of democracy that has to take place, and then political entities are brought into play, such as various parties, while ensuring at the same time the independent position of the social institutions which I mentioned earlier. We have had a completely different process. That does not mean that in the long run we will not be able to establish democracy, but I am afraid that we will have a slowed process with much confusion and with much tension, since the victory of one party is being identified again with the overall mood of the people, while the party that won was not based on a corresponding social interest, but was rather a type of populist party or a type of statehood movement.

[Bluml] Are Croatian intellectuals sufficiently involved in all those processes?

[Vujic] They are not sufficiently involved. I would say that intellectuals, like the rest of the Croatian population, are all in a way laboring under the lethargy of decades of pressure, which did not promote the development of people's political autonomy. In fact, one could also talk about the moral aspect of such conduct, and perhaps note with bitterness that everyone would like to enjoy the fruits of democracy, but few people would like to create democracy. Naturally, with respect to intellectuals, we can usually be harsher toward them, because they will come back to us. The fact is that we are waking up like an isolated, autistic child from a deep sleep that has lasted too long. We really lost our chance in 1971. In the meantime, we have Croatia staggering along. We are still trying to walk.

### **Serbian Executive Council President Defends Policies**

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[Interview with Serbian Executive Council President Stanko Radmilovic by Miroslav Vujovic; place and date not given: "Serbia Is Not Demolishing Yugoslavia"]

[Text] The Assembly of the Republic of Serbia recently adopted a package of protective, anticrisis laws and charged the Serbian Executive Council with executing them.

Dr. Stanko Radmilovic, president of the Serbian Executive Council, spoke with NIN about the reasons for adopting these measures, the policy of the Federal Executive Council [FEC], the fate of Yugoslavia, inflation, and reforms in the economic system.

[Vujovic] Serbia's new measures have been called a special standby arrangement. Several days ago, the Serbian Executive Council adopted a specific resolution concerning their execution, even though it was expected to take a little more time than that. Were they applied in full measure?

[Radmilovic] There was no reason or justification whatsoever for hesitation. The conditions have long since been met, and there was no sign that anything was going to change in the sense of the causes disappearing for which the laws were passed. Slovenia and Croatia have given no indication that they intend to fulfill their obligations towards the Federal Fund for supporting the rapid development of underdeveloped republics, and Kosovo and Metohija, and in this way to compensate Serbia. In addition, there is no indication whatsoever that confederalist tendencies could change in the direction of the formation of a true federation; on the contrary, some Slovene officials have lately been stating openly that the proposed plan for a confederation agreement is simply a tactical move, and that the actual goal is secession from Yugoslavia. On the other hand, not even the Federal Executive Council, despite our numerous warnings and great degree of patience, is changing its position towards Serbia in the least. Although the rebalance of the budget of the federation was adopted, obligations towards Serbia are being fulfilled "in teaspoon portions"; compensation for losses from the price of electricity and other frozen prices is out of the question, even though we are talking here about constitutional obligations towards the federation; the uneconomical import of agricultural products at dumping prices is not being abandoned, and in this way the united Yugoslav agricultural market is definitively being buried; the FEC is continuing to ignore the enormous losses due to the unrealistic exchange rate; there is no clear position towards the concept of a Yugoslav association of states, nor towards the problems of Serbs in Croatia.

And as far as the degree to which the measures were applied is concerned, it could be said that it is a moderate dose that does not close the door to a rational turnaround. We would like to achieve that, in pursuit of a genuine federation.

[Vujovic] What are the basic characteristics of the measures that were adopted?

[Radmilovic] The basic characteristics of the measures undertaken are such that they do not mean a rise in the prices of either domestic or imported goods. We took into account the interests of the citizens of Serbia; but at the same time we tried not to generate the argument that Serbia is to blame for the further growth in inflation, which will happen for other reasons—basically because a price equilibrium and lasting stability have not been achieved.

[Vujovic] You are probably aware of the reaction to this, to the effect that it is precisely Serbia that is turning Yugoslavia into a confederation, both because of the heralded "customs war" with Slovenia and Croatia and because of the disavowal of the Federal Executive Council. How do you view this?

[Radmilovic] First of all, I must say that this too shows the type of situation that is being imposed and will

continue to be imposed on Serbia: That to which others rightly attach importance is denied Serbia; that which others are allowed, Serbia is not! This is too serious for some terse response.

[Vujovic] Let us consider first of all the problem of confederalization and relations with Slovenia and Croatia. Is it only Serbia for which this plan is unsuitable, since it was the only one (for the time being) to react?

[Radmilovic] No, this plan is not suitable for anyone, even though by the look of it one could say that it would be suitable for those who have managed to create a privileged position for themselves. However, such a position could not be maintained for long. This would soon be realized by everyone, including the information media in the less developed republics (primarily Bosnia-Herzegovina and Macedonia) which are presently voicing sharp criticism of our measures. It would turn out that even in our country it is impossible to escape the historically validated truth—that a confederation, by necessity, either falls apart or is transformed into a genuine federation.

Accordingly, and without raising the problem that the parts of the Serbian nation that live outside the borders of Serbia are transformed from a nation with equal rights in a federation into national minorities within the members of a confederation, the idea of a confederation is both unacceptable and untenable for economic reasons. It is unacceptable to us (and for some other republics) because under this plan the Serbian market would have to be a "free hunting ground" for industrially more developed members of the confederation, while at the same time they would have no obligations whatsoever in executing agrarian policy, nor in supporting the more rapid development of undeveloped areas such as Kosovo and Metohija. And it is untenable because it would quickly fall apart, like everywhere else in the world, for these and many other reasons. There are no such unions in the world. If they are not aware of all this in some parts of Yugoslavia, then this is primarily their problem.

[Vujovic] There are those who do not (or cannot) deny these arguments, but nonetheless say that there was no cause for haste.

[Radmilovic] First of all, if we recall how lengthy and systematic the disintegration of a federative (or more precisely, a semiconfederative) Yugoslavia has been, then we will immediately conclude that what we are talking about here is clearly not a trumped-up reaction. Why wait? What would the next three or four months have brought amidst silence or even verbal opposition by Serbia to confederalization? Naturally, it was not possible to remain silent. But at the same time, Serbia could not remain in a situation where it was opposing confederalization only verbally, even though that is relatively easy to bring about, since the Kardelj-Bakaric federative Yugoslavia of 1974 was formulated in such a way that it is much easier to tear it down than to defend it.

What else should Serbia have done in a situation like this? Is there really anyone who believes that the confederalization trend could be stopped through grumbling and inactivity?

The alternatives were either that Serbia do what it did and thus, without setting precedents (because they have already been set by others) and without burning any bridges, let it be known clearly what relations cannot and will not be accepted; or to wait passively for the process of confederalization to be finalized and for Serbia to be presented with a fait accompli: to accept an inequitable position (which it absolutely cannot do), or rather to begin only then to do what we have begun to do now. In the interim, we would have suffered further losses, and we would have lost precious time for many things and gradually would have been left with a ridiculous Don Quixote struggle for a form of cooperation that the others do not want.

[Vujovic] But Serbia has now provided the opportunity for it, even if without argumentation, to be credited with the destruction or confederalization of Yugoslavia, even more so than those who started the process and are actually pursuing it.

[Radmilovic] To be sure, we have been able to avoid that risk, but for Serbia things would have been no better than that opportunism. On the contrary! Serbia would have only lost step, and in part its good name as well.

[Vujovic] Will the confrontation with the Federal Executive Council contribute to an acceleration of the confederalization process?

[Radmilovic] The possibility that the confederalists will take advantage of this cannot be ruled out, but it is clear that we did not desire this confrontation, especially if we were to contribute to confederalization. The measures that we adopted—in contrast, for example, to the Slovene ones—are not such that the federation is institutionally disavowed, that the republics are constitutionally placed above it. That which Serbia has undertaken with respect to the Federal Executive Council does not have the effect of a reinstitutionalization of Yugoslavia in the direction of confederalization; rather, it simply puts forth constrained measures to neutralize, at least partially, the consequences of the wrongful and nonobjective policy of the Federal Executive Council and to hinder all further emergence of said consequences—all during the period when this type of policy is being implemented, and thus provisionally.

[Vujovic] Many people are suggesting that this is symptomatic of the fact that Serbia has continually been in some sort of opposition towards the current Federal Executive Council.

[Radmilovic] That is how it has turned out, but always for reasons of principle. During 1989, Serbia pointed out the wrongness of the FEC's position that there should be no special anti-inflationary program, because everything that it was doing was ostensibly anti-inflationary in

nature; and that the only real way to check inflation will be a reformed economic system. And it was only once inflation surpassed 2,600 percent that the FEC realized that it should in fact adopt quite specific anti-inflationary measures. It drew up the famous December Program with Control Mechanisms: a freeze on wages and prices in the infrastructure, fixing the exchange rate (through announcing the convertibility of the dinar), and pressing imports while liberalizing the prices of most products. We objected to this program for two reasons: that conceptually it was not consistent, since it would not be possible with the proposed measures to cut hyperinflation to only 13 percent annually amidst a decline in the social product of only 2.5 percent; we now see that the epilogue is overwhelming—the unsatisfying result for an enormous price paid. The second objection was that the burden is unevenly distributed and that Serbia has to pay a disproportionately high price. That too, unfortunately, has proven accurate.

Furthermore, in June, when the FEC had to come up with measures for setting in motion the development that it had itself promised, it proposed a “second package” that was practically empty. The focal point was a privatization plan which was more or less debatable, but the essential fact is that privatization, as a medium-term process, clearly cannot be a remedy for recession and the already full-blown economic depression. Naturally, open conflict with this sort of recession policy of the FEC became inevitable. And in particular it became clear that disagreement is inevitable when the preservation of the disparities in the price of electrical energy is prolonged, when a stubborn insistence on applying all means to effect a depression of the price of wheat, and now the fall farm crops as well, is revealed. And the crowning touch on all of it was the absurd import of flour, oil, and sugar, primarily into nonagricultural, western regions, while agricultural produce goes unsold in Serbia; the unified Yugoslav agrarian market is thus destroyed. Was it necessary, especially if we consider the significant unrecouped obligations of the federation towards Serbia (it changes nothing if it has such obligations towards others as well), for something else to happen before Serbia took corresponding defensive measures?

[Vujovic] What will become of reform, how will inflation run, what will become of Yugoslavia, i.e., of the functioning of the federation?

[Radmilovic] You posed, in one breath, several major questions. First, to answer the question about what will become of reform. It is inevitable. We in Serbia are firmly committed—and even if we did not want to, there is no alternative—to effecting radical reform. And we will effect it regardless of who is in the function of the Federal Executive Council. Naturally, in that respect we face a solemn and difficult task, since all that has been done—and not even completed—is the conceptualization, while in terms of effecting reforms in practice, we are just now getting started.

As far as inflation is concerned, there is no room for great optimism. Not one of its focal points has been eliminated. First of all, not the inflationary behavior of social enterprises. Since they are still not aspiring to maximize profits, social enterprises are reacting to the increase in the demand for goods with an increase in prices rather than in production, thus arriving at a combination that is far from a maximization of profits. And on the other hand, they react to the decline in demand for goods by reducing production rather than slowing down the growth in prices, even though such a solution pulls them further and further away from maximizing profits. As long as this defect is not eliminated, while enterprises fail to become profitable organizations, it is not possible to expect a definitive calming of inflation.

[Vujovic] But was it not reduced to zero during one period?

[Radmilovic] Yes, but at the same time price equilibrium was not even close to being established. At that moment, there were major disparities in the prices of basic inputs—electric energy, railroad and certain other services and raw materials, and the exchange rate was unrealistic as well. These disparities, naturally, could not be tolerated any longer. As efforts were made to rectify them, inflation began to rise again. As long as there has been no increase in the efficiency of the economy, the cost per unit of product will continue to be too high and constitute continual pressure to increase prices.

[Vujovic] You mentioned the unrealistic exchange rate. According to the Federal Executive Council, it is not unrealistic, because the current rate is supposedly the result of the supply and demand of foreign exchange.

[Radmilovic] Yes, I am aware of that type of reasoning. If various restrictions and a major recession lead to a situation where it is necessary to export at prices that are a significant loss and if, on the other hand, there is no foreign exchange to buy things, then this is a forcibly created “equilibrium” and artificially maintained “realistic” exchange rate. Can it be realistic if it is fixed at a particular moment while in the meantime domestic prices have risen by around 100 percent more than foreign ones?! Right now it is being said, and rightly so, that changing the rate would effect an intensification of inflation. But what does this then mean? If it is realistic to assume that the rate is not realistic, and if the other assumption is also accurate, that a change in it would lead to greater inflation, then it invariably follows, as a syllogism, that this level of inflation is artificially low.

Naturally, it would not be necessary to find the means for keeping inflation at a low level if this did not mean that someone will suffer significantly from it. And the manufacturing organizations that export more are suffering from the overvaluation of the dinar. Who is going to reimburse the Bor Mining-Smelting Works for the \$100 million that it has lost due to the unrealistic exchange rate? Naturally, the fact that someone received

unrealistically cheap imported goods because of this is no justification. In fact, this also hurts domestic producers, at whose expense the foreign competition enjoys an advantage.

[Vujovic] Let us not forget the question of what will become of Yugoslavia. Or, if that is too difficult a question to answer, we will reduce the problem to the following: How will the Yugoslav federation function in the coming period?

[Radmilovic] I would like it if there were cause for greater optimism, but it is hard to be optimistic. The confederalist tendencies are very strong. If they are not accepted, it is likely that their advocates will turn to disavowing the function of the federation. After all, the Federal Fund has already been demolished. And assumptions have arisen, significantly earlier than is now the case in Serbia, that revenues can be withheld from the federation by the republics; not only in order to effect a break with the federation's outstanding debts or to neutralize certain consequences of federal economic policy, to which Serbia was forced to resort, but also in order to dismantle the federation and in this way exert pressure for acceptance of the confederalist option. I am under no illusions that the republics that long for confederalization will accept financing over the coming years of most of the functions that are currently on the federal level. Consequently, it is not because of Serbia's measures, but rather because of measures and strategies implemented significantly earlier, that many of the federal functions will probably be drawn into question. It would be nice if I were completely wrong in this assessment. One of the goals of the legislative ordinances adopted by Serbia was to prevent the agony of the federation, if imposed by others, from being automatically carried over to Serbia.

[Vujovic] How accurate are the insinuations that Serbia, by adopting the measures, is protecting its unsuccessful social-ownership economy and in this way moving in the opposite direction from the reform course?

[Radmilovic] You have it right there, these are insinuations. We are quite aware of the fact that the social economy in Serbia, as elsewhere, is inefficient, inert, unenterprising, and burdened with both a surplus of workers and excess "social overhead," with the repeated mistakes of integral self-management, etc. It is clear that being that inefficient, we cannot save it through autarchy, nor does that even occur to us. It will invariably have strong enough competition, but also active assistance in restructuring, in terms of both ownership and management. The formula that we regard as the only realistic one can be reduced to the following: The state must guarantee an adequate level of aggregate goods demand and adequate (but not unbearable) competition, which, accompanied by the implementation of reform in the area of strengthening the enterprising spirit and profitability, will ensure the growth of efficiency; the formula that will ensure that the reaction on the goods market will first of all be an increase in production up to

the area of full employment, with a reduction in costs. In other words, we feel that the only realistic way is to implement reform through development. This is difficult, but there is no alternative. Reform through recession and, what is more, economic depression is not possible. Not only because the price is too high—and if there exists an alternative then that price is also unnecessary—and not because this or that political guarantee is unable to withstand major political and social pressure, but simply because society cannot accept this type of destruction. And it would indeed be interesting to see how those people who advocate that type of plan for restructuring would behave if they were in operative positions, if they were facing the prospect, primarily because of the imposed recession and naturally because of inefficiency, of dozens of enterprises with tens of thousands of employees threatened by bankruptcy; and the workers are demanding bread. Then, it ceases to be an academic, doctrinaire question.

In comparison, generating a normal level of aggregate goods demand, while insisting that social enterprises restructure and that they change their behavior from the bottom up, does not constitute a flippant opening of the door to helter-skelter price increases.

[Vujovic] What is the critical factor in changing the behavior of social enterprises in the sense that they genuinely become profitable and enterprising organizations?

[Radmilovic] The majority of them must be restructured into mixed enterprises with as great a share as possible of private and foreign capital. This would achieve two objectives. First, it would solve the acute problem of undercapitalization, which is encountered primarily in the shortage of working capital. And secondly, this would effect an administrative restructuring in the sense of creating the conditions for efficient management.

But both those companies that undergo ownership restructuring during the period and those that do not must implement reforms in management and establish an adequate system of distribution.

[Vujovic] If you say that reform, in both the ownership and management sense, is possible only amidst development, and that development is possible only through an intensification of investment, and that this in turn is possible only through accumulation, which we do not have, then doesn't this mean that we are caught in a vicious circle? How do you intend to break out of it?

[Radmilovic] It is true that breaking out of this vicious cycle is difficult, but it is nevertheless the only possible solution. Without entering into a broad elaboration, I will only note some essential elements. First of all, an intensification of investment in the country and realizing investment projects abroad and intensifying housing construction, all assisted by foreign and domestic private capital, restructuring bank deposits, a successive expansion in domestic accumulation, which will grow progressively with the resurgence of economic

activity. Naturally, a significant role must be played in this effort by other measures, such as making the issuance of consumer credit possible, organizing the sale of equipment on credit, and the like.

[Vujovic] Are you optimistic about breaking out of this stagnation blockade?

[Radmilovic] Yes, with certain conditions. I would mention only two, but there are more of them. First of all, that the uncertainty surrounding the reconstruction of Yugoslavia be quickly cleared up. This, given the inevitable full political pluralization and democratization, which is inevitably coming (the current growing pains of democratization will certainly be surmounted, and I am confident that the malevolent prediction that Serbia will inevitably corrode internally will prove untrue), would result in a situation where Yugoslavia would be, if not exactly attractive, then at least sufficiently interesting for investment. And secondly, I believe that we will—I have to say this, it seems, as a phrase—get to work. Because only that can bring both greater earnings for the individual and a wealthy society as a whole.

#### **Army Newspaper's Opposition to Confederation Viewed**

*91BA0073A Zagreb DANAS in Serbo-Croatian  
23 Oct 90 pp 15-17*

[Article by Milan Jajcinovic: "Whose National Army It Is"]

[Text] Recently, speculations appeared again about whether the Army would intervene, and whether there would be a military coup. DANAS also expressed its view of the possible involvement of the JNA [Yugoslav National Army] in the country's political life. Admittedly, a military coup did not happen, but a multitude of uncertainties remained. Some allegations about its plan have not been refuted by anything at all even today. It still remains doubtful to many people whose Army it actually is, but if one can judge from the coverage in its official organ, NARODNA ARMIJA, then there is virtually no dilemma. That will be best demonstrated by an analysis of the articles that NARODNA ARMIJA has published recently.

A regular columnist in NARODNA ARMIJA, the official organ of the Yugoslav National Army, emphasized in the latest issue that the extent to which his column was read was not doubtful at all. He supported this by citing the letters he had received, which were supposed to demonstrate his journalistic impartiality, and how he judged things "strictly on their merits." The columnist thus stated that a reader from Belgrade wrote to him that his column was the "greatest enemy of Serbian history and tradition," and called him a Nedicist, whereas an "angry Split resident" criticized him, as he said, for an attack upon "retired General Spegelj and democracy in Croatia and Slovenia." That is not all, however, because "On the same day, two contrary criticisms arrived: that

I was a 'specialist' in the northwest, and that I dealt primarily with the southeast."

For a long time now, the articles in NARODNA ARMIJA, and thus also of its regular columnist, have been read closely. Previously, no one except military specialists, enthusiasts, "official readers," and an occasional eccentric ever did so. To a considerable extent, the readership of the army newspaper has kept pace with the surmises and speculations about the future role of the JNA and especially with the phenomenon of rumors about the possibilities of a military coup. The graphic redesign of that army newspaper probably had a negligible role in that increased interest. What is NARODNA ARMIJA's coverage like? Its columnist thinks that it is objective, quite understandably. After all, that is why he quoted the letters he was receiving. Among them, he also mentioned one that he received from a former colleague ("He was an army journalist, but he was demobilized"), who told him that he should be banned from writing because he was causing "alarm in various quarters."

"Alarm in various quarters" could hardly be accepted as a measure of objectivity, whether for NARODNA ARMIJA or any other newspaper. After all, with respect to the army newspaper, that "alarm in various quarters" is worth even less. Why? Because NARODNA ARMIJA deals most frequently with Croatia, Slovenia, and Kosovo. To persuade oneself of this it is sufficient to leaf through just the last few issues. Under the title "Guard From the Shadow, Guard With a Shadow," the newspaper wrote about "some sort of republic national armies," about how "for a long time now, militaristic rumblings have been clearly heard from the western side of Yugoslavia." In the same issue, there was also an article ("According to a Tried and True Recipe") about the signing of the Zagreb petition on performing military service in Croatia. The article claimed that everything was being done in accordance with the "well-known scenario" ("it starts with letters from readers, demands from parties, the signing of petitions...."), and all in order to "introduce republic armies by the back door." An article on Kosovo was published in connection with the visit by an American delegation, regarding which it says that it "quickly 'learned' the whole truth" (it spoke with the leaders of the Albanian parties in Kosovo). RILINDJA was banned then "because of its separatist incitement of hatred."

#### **Sensational Transfer of a General**

Retired General Martin Spegelj received special treatment. The above-mentioned columnist reduced his acceptance of the Croatian Ministry of National Defense to the sphere of morality. Here is how he sees what for him is the general's morally questionable act: "The news that Martin Spegelj, a freshly retired JNA lieutenant general, whose last post was as commander of the Fifth Military Region, was becoming the defense minister in Tudjman's Croatia, caused considerable commotion. To be more precise, the transfer was sensational for at least two reasons. In the first place, really no one was



expecting it, except Spegelj, who knew. In the second place, really no one was expecting it, except Tudjman, who knew. That is how we obtained his colleague Janez Jansa, who is so attractive to the media, although Martin is somewhat older and Janez first spilled a military secret and then became the minister; in Spegelj's case, that process could occur in the opposite order." To the army newspaper columnist, Spegelj's decision is "turning his coat," the former commander of the Fifth Military Region is a "misfit," a "new person, who will just spin like a weathervane," a "bivalent general" (an allusion to the "43 billion old dinars a month"), "who has marched through his life to date with iron-heeled jackboots not just for petty privileges."

The occasion for the article "Who Sees the Apparition of a General" was the statement by Stjepan Mesic, then still an unconfirmed member of the SFRY Presidency, in which he said, "I am being associated with the Ustasa General Mesic, to whom I am related, but it has not been said that that Home Guard officer and his unit went over to the side of the Soviet Army near Stalingrad, that he saw the end of the war as a Soviet general, and that his unit was decimated in the battle against the Germans." This was actually Mesic's response to the warrant issued for him in POLITIKA's notorious column "Echoes and Reactions," in which a regular reader, in the name of "professionalism," demanded that POLITIKA's journalists investigate who "a certain Ustasa officer named Mesic" actually was, because he associated the name of a future member of the state Presidency with him. The reader suggested to the editorial board that its journalists investigate whether the two Mesics were somehow related.

What was controversial to NARODNA ARMIJA was Mesic's response, and not the occasion for it. It made use of it for an editorial commentary, since Marko Mesic "is being brought out onto the public scene directly from the obscurity of history, and shamelessly offered as one of the national models, to the harm and disgrace of the splendid figures in recent Croatian history." The whole article is devoted to proving that he was not any sort of general, but a lieutenant colonel, an ordinary convert, who "in just four years managed to adapt himself to four ideologically different armies for his own needs." This was followed by an exhaustive presentation on exactly where the relative of the present member of the Yugoslav Presidency was and exactly what he was involved in. Everything that is written in the article is condensed in the subheading, which reads: "Marko J. Mesic, born in 1901, was an active officer from 1922; he did not go any further than lieutenant colonel, and so he only appears as a general to those who do not shrink in the ruthless war of words from dragging out obscure figures onto the national scene as heroes and models, to the detriment and shame of real national giants, and using their minor services to build their own political image."

#### Author Without Doubts

A special topic for the JNA newspaper is the problem of a federation versus a confederation. That is actually a permanent topic. It is constantly addressed in one way or another. Last month, in two issues in a row, articles were published on the relationship between a federation and a confederation, on what each political model provided. The first article was published under the title of "Short-Lived Confederation," while the subheading emphasized, "A federation is a complex federal state founded on a constitution, while a confederation is an alliance of sovereign states created by a mutual treaty. Three or four confederations have existed in history, but the reverse case has not been observed. In a federation, a unified policy of war and peace is conducted, and the armed forces and defense are unified, whereas in a confederation each member can act 'on its own.'"

The second article is more specific. Its author does not have any doubts about the problem he is analyzing. That is apparent from the very title: "Confederation Means the Collapse of Yugoslavia." To the author of the article, confederation is similar to feudalism! Why? The answer is: "A return to confederalism can be equated to some extent with a return to feudalism. Actually, federalism, in contrast to confederalism, was the conceptual basis for resolving the political limitations of feudalism. Federalism was the way to clear away the obstacles to the new society that was being born, which was hampered by feudal restraints and restrictions, including certain confederal forms of association." The author finds similarities between the present situation in Yugoslavia and certain East European countries, and feudal times, asserting: "The fact is that the regional and republic oligarchies could not maintain themselves without a confederation. The condition for their survival is the creation of fiefs, because it is only in a unified and closed fief that they can maintain themselves as rulers."

If a confederation is the same thing as a group of fiefs, then "for Yugoslavia, a confederation means collapse." The question that most interests the Yugoslav military establishment is what will happen to the JNA if Yugoslavia is politically fragmented. According to the JNA newspaper, "In a confederal Yugoslavia, the Yugoslav National Army would not have its present place and role. In fact, every army, in its purest form, is a state institution and an instrument in the hands of the state. There are grounds for assuming that then there would be neither a unified defense system nor a unified army, since there is no unified state in a confederation (instead, there are only independent states)." Military analysts are convinced that the collapse of Yugoslavia (as a precondition for the creation of an alliance of states) will inevitably lead to the creation of republic armies and to the breakup of the JNA.

It is a natural law that every living organism seeks to maintain itself. If the JNA is also viewed in that functionalistic manner, then it is quite understandable that it



is also seeking to maintain itself. Looking at it objectively, the creation of a confederation means that it will inevitably be changed, and perhaps even dismantled. A confederation is perceived as its executioner. At the same time, federal and confederal blocs are being created outside the army, and even regardless of its fears. The JNA's objective interest (which is derived from its attempt to maintain itself) is consistent with the federal model. It is precisely in terms of that interest that one should view the coverage by NARODNA ARMIJA. There is also something else, however. Specifically, that objective interest, which through the very logic of survival is driving the JNA to support the federation, is consistent with the already established political interests of eastern Yugoslavia, and at the same time is at odds with the interests of western Yugoslavia.

The army's interest in the preservation of Yugoslavia is understandable, since with the latter's disappearance it would lose room for its own action, and its purpose. That direct interest of the JNA is consistent with the verbal vows to Yugoslavia that constantly resound from the "state-creating" republics. With their advocacy of a confederal Yugoslavia, Croatia and Slovenia are perceived by the army and the civilian "protectors of Yugoslavia" as "separatist" and "destructive." Viewed from that angle, NARODNA ARMIJA's coverage is militarily simple and militarily logical: cooperating with the "defenders of Yugoslavia," while at the same time assaulting its "destroyers." If Croatia and Slovenia were by some chance in favor of a federal, unquestionable, and unconditional Yugoslavia, it is possible that the army would be on their side. As things are, the army obviously wants to discipline them.

The coverage by the JNA newspaper, of course, raises the question of whose the Yugoslav National Army actually is. Many people, without the slightest hesitation, say, "Serbia's." Actually, in terms of the composition of the officers, it is. Regardless of all that, however, it is integrally Yugoslav. Even its constant accusations about Slovenia's "separatism" are aimed at "getting it back in line," and are unlikely to be intended to drive it out of Yugoslavia. If it even did so, the army would be acting against its own essence. Specifically, an army as a power always has a tendency to spread itself, to multiply, and an army is precisely concentrated power. By working to drive Slovenia out of Yugoslavia, the JNA would actually be working against itself. That is why the discussions about whose army it actually is—Serbian or Croatian—seem mistaken, naturally, assuming that it is consistent to the principles of its self-perpetuation and the maintenance (or expansion) of its power.

In reading NARODNA ARMIJA, the impression that the army is for preserving Yugoslavia "at any cost" and is therefore favorably inclined toward Serbia (and Montenegro) because of similar messages remains unshaken. In spite of the ethnic structure of the officer corps, however, one could not say that the JNA is Serbian. It is, above all, integralist, just as at one time it was Titoist and rigidly communist. Just as the army has been a

political factor in all the East European countries, it has been (and still is) here as well. Its task was, above all, to defend the single ruling party and its authority. When the Communist Party, as the cement holding Yugoslavia together began to fall apart, the JNA, remaining in actuality the most dominant integrating factor in the country, tried to impose itself as a new Yugoslav binding material. Even today, it wants to substitute itself for the party that is withering away. The Slovenes and Croats perceive that as an intolerable involvement of the army in political life, and the Serbs as a guarantee of the preservation of Yugoslavia.

In order to show the non-Croatian and non-Slovene characteristics of the JNA, Croats and Slovenes point to the officer composition and the army leadership itself. They are forgetting that the JNA was not, for example, any more Croatian when it was headed by Croats—Josip Broz and Ivan Gosnjak. The army actually still wants to be a Yugoslav and integralist one. That attempt coincides with Serbia's integralist pretensions. Is the army therefore Serbian? Many people will say that it is, and that the army has traditionally been an instrument in Serbia's expansionist plans. The station theft of heavy weaponry in Knin could say a great deal about the JNA and its political profile. If that theft, in a town that is increasingly being converted from a traffic crossroads into a place of miracles happened by accident, then it involved negligence that is hardly consistent with the organization of a modern army. If what happened was all planned, however, as many people claim, then it is proof that the JNA thinks that Yugoslavia is being defended in Knin today as well.

What NARODNA ARMIJA says about that will be indicative. It is most likely, however, that it will not say anything new that would differ from its coverage in the past. It is a reflection and an expression of the JNA. Every army, by its very essence (as a result of subordination and hierarchy), is a rigid organization. Asking the army to become democratized is almost absurd and contrary to its nature. The JNA cannot become a democratic organization! It can only be depoliticized and professionalized. After that, NARODNA ARMIJA will no longer deal with politics either.

### Protest Against Close Church-State Relations

91BA0082A Zagreb DANAS in Serbo-Croatian  
30 Oct 90 pp 23-24

[Article by Marinko Culic: "Embrace and Sobering Up"]

[Text] During a brief 10-minute audience with Pope John Paul II, Lojze Peterle communicated to the bishop of Rome a proposal which has served as another occasion for the opposition and Slovenian press to leave him no peace. The Slovenian prime minister, who is a declared Catholic and president of the Alliance of Christian Democrats, asked that the pontiff in Rome recognize the independence of the Conference of Slovene Bishops, a boldness which, it appears, even Dr. Alojzije

Sustar, archbishop of Ljubljana, could not permit himself. According to an anecdote making the rounds of the Slovenian precinct of the Church on the Rock, Sustar at one time received a document from the Vatican on which the careless clerk had forgotten to add "Provincial" in front of the Conference of Slovene Bishops, and now that abbreviated title is being used more and more through a transparent mistake, and the answer to any possible objection from the Vatican would be to refer to the document in question. Perhaps Peterle's attempt to legalize this mistake and his later statement to the American bishops that Slovenes do not want to "reach the Vatican via Zagreb," just as they do not want to "reach Europe via Belgrade," pay off only part of the debt incurred in last year's elections, when the church unselfishly, even decisively according to many, helped the ruling coalition to win a victory. Nevertheless, a recent issue of MLADINA, which is still recalcitrant, came out with a front page showing a crucified Peterle accompanied on either side by Rupel and Pirnat, also crucified.

The Slovenian prime minister, torn between his statesman's (public) and party (private) functions, seems in fact to be the best illustration of Slovenia at the moment, which MLADINA describes in the sentence "The Slovenian church has risen up again." It reflects the experience in Slovenian history, which, by contrast with Croatian history, has been traditionally inclined to clericalization of politics, and now after 45 years of enforced inaction in the "communist catacombs" it has displayed a burst of force which has left many people astounded. Emil Milan Pintar, MA, prime minister in the Slovenian shadow government, speaks of a cloudburst "of Slovenia's horrifying clericalization," which is read not so much from the fact that the Slovenian government is headed by the leader of the Christian Democrats and the former leader of Christian Youth, as much as the circumstance that "the church really stands behind him," and through it the ideology of the White Guards is coming back onto the political scene, a movement which "in spite of patriotic motives, was at one point nevertheless bound up with the Nazi criminals who wanted to destroy the Slovenian people." But no one heeded Pintar's warning that in just a month or two the door of the Slovenian public scene had been opened wide to the church, which even from the former government had obtained legalization of religious holidays and access to the media, and then after the election it organized a public event, a "narodno sprava"—attended, in noticeably different moods, by Alojzije Sustar and Milan Kucan—and for all practical purposes it even rehabilitated the late archbishop Rozman of Ljubljana. If in such a short time it has been able to achieve so very much, it is easy to imagine the ultimate capabilities of the Slovenian church. MLADINA feels that even now it is drawing up a "shadow government"—which means that Pintar's government is doubly cast in the shadow—in which the archbishop of Ljubljana is the unassailable head, while the Slovenian prime minister is left the

modest position of "consul," along with the "ultraconservative" leader of Slovenian laymen. To tell the truth, the Slovenian return to the cross has still not taken on the dimensions of what has happened, say, in former East Germany, where there are even 27 priests (three of them in the government) sitting in the "most Christian parliament in Europe," or in Poland, where the church is already managing to "collect" on its services to the current government during the election with the very high price of making abortion a crime. Nevertheless, the "rising up" of the church on Slovenian soil is taking on characteristics specifically ours, which need not be any more benign than those which have been mentioned, not in the least, but rather, if one is to agree with Pintar, may be more serious and destructive, especially since the Slovenian Christian Democrats have also captured positions of power through the results achieved in the elections. In addition to the position of prime minister, the Christian Democrats have been able to fill the ministerial posts for the schools and culture, the mayor of Ljubljana, the seat of the top leadership of the Slovenian Catholic hierarchy, is also a Christian Democrat. "When the government gets in trouble, it will pray to God for help," DELO PLUS ironically comments on this makeup of the new Slovenian Government.

In the neighboring community on the other side of the Sutla, this kind of joke would have no bite from the formal standpoint, since at the top level of government, in spite of the large number of declared believers, there is no one from any party that has a Christian name. Nevertheless, relations between the government and the church are very close and have been crowned with a large number of joint ceremonies in which the chanting of "Franjo, Franjo" is addressed to both leaders at the same time, so that the scenes from Slovenia can be perceived at least partially in the Croatian environment as well. The similarity is in fact underlined by the invitation sent from here to the bishop of Rome to visit Croatia, which is obviously an expression of the desire on both sides of the Sutla to put an end to the vacillation of the world concerning a possible territorial dismemberment of Yugoslavia through arbitration which has little strength in terms of statesmanship, but on questionable moral and political strength. But at present the prospects are quite meager that Christ's regent on earth wants to visit a "part of Yugoslavia," since he has never visited parts, but only diplomatically recognized countries. Especially since it is not altogether clear how much the top leadership of the Croatian Catholic Church, which itself sent an invitation to the pope, helped the invitation from the official Croatian authorities to reach the desired address. What is certain, and this constitutes the first essential difference between the Croatian and Slovenian situations, is that church circles in Croatia seem more inclined to critical reassessment of the relation between church and state and to react more sensitively when the permitted line is crossed. Thus, Dr. Frane Franic, retired but still prestigious archbishop of Split, pleaded in one of the political meetings of the HDZ [Croatian Democratic Community] for "amicable separation of church from

state," which, however much stress is put on the "amicable," nevertheless cannot be quoted without allusion to the "sweet embrace" in which up to now the Catholic Church has been unable to conceal its "enthusiasm" over the victory of the party in power, and this has been repaid with compliments about the "pivotal role" of the church in bringing down "one-party communist totalitarianism," and even with the dubious definition of Catholicism and Islam as the "two main churches in Croatia" (Tudjman). Leaving aside the fact that Islam does not even define itself as a church, so that the president's awkward flight into the religious area can perhaps be interpreted as insufficient familiarity with the subject matter, one still has the impression that in the church's assessment the exclusiveness which Catholicism is beginning to enjoy in this region is beginning to break down the desirable symmetry in relations between church and state, but also between churches. A recent joint appearance of the "two Franjos" in Jastrebarsko, which at first glance sealed the amalgamation of what belongs to the state and what belongs to the church, began with the still celebrated genuflection of the "former Bolshevik" Tudjman in the Bistrica church and with Kuharic's effectively published trip through America and Canada, whose unconcealed purpose was to promote the new Croatian policy. Only when we read what the Zagreb archbishop said in Jastrebarsko do we arrive at the more subtle layers of relations between the church and government in Croatia, since Kuharic in Jastrebarsko, perhaps also taking advantage of Tudjman's presence, felt it necessary to emphasize that "the church has a special mission," although it respects the "endeavors whereby the Croatian Government is really trying to bring about better days."

In that same place, Kuharic also expressed regret because of the events in the Orthodox Church at its headquarters in Zagreb, when a group of belligerent "proselytes," armed with Croatian flags, rushed into the church and interrupted a religious service that was taking place. The Orthodox Church immediately sent a request to the Croatian Government and church authorities for protection, and Kuharic's appeal in Jastrebarsko against violence and in favor of "diversity and community" was perhaps no more than the minimum expected of him at this point. But at a time when the heated passions have set fire to even the last remnants of such scruples, especially on the Orthodox side, the Zagreb cardinal perhaps wanted to convey that someone must put an end to this vicious cycle of suspicion and enmity and that the majority side, the Croatian side, has a greater responsibility to do so. If Kuharic's message in Jastrebarsko can actually be given this reading, then it is only an extension of one of his earlier statements, when the archbishop of Zagreb referred to what is called the "Pakrac protest" of representatives of the Serbian Orthodox Church in Croatia, in which the Croatian government and Catholic Church are accused of systematically "threatening the Serbian people in Croatia," which includes "intimidation, threats, insults, discharge from employment, demolition of houses and apartments, arson, assaults, and

violence of every kind, and along the way—in Dalmatia—there were even proven cases of rape and murder." There were a number of similar protests of Serbian priests over the last year or more, since Croato-Serb relations in Croatia took the plunge downhill. What is more, they cannot be separated from the eruptions of Serbian rebellion in that period of time, since usually they coincided with them, and sometimes they even suspiciously preceded them (the "Pakrac protest" occurred just before the "Petrinja uprising," and a few days ago a protest was sent by the Orthodox clergy of Bosnia-Herzegovina on the eve of elections in that republic, when who knows how peaceful they will be). Nevertheless, Kuharic's response to the protest from Pakrac was unusually calm and differed by an obvious shade from the reaction of quite a few Croatian parties, who saw in the Pakrac demarche evidence that the "Serbian Orthodox Church has joined the destroyers of the Croatian state." Even Kuharic, of course, rejected the accusatory spikes of protest from the Serbian Orthodox Church; what is more, he declared that he must raise "his voice against these accusations," but he also said that "if any individual case of violence occurs, it should be investigated, the perpetrator should be brought to justice, and penalties should be applied to prevent violence and guarantee everyone his rights." According to him, then, an appeal should be issued to "all responsible persons in the government and in the church and the responsible persons in the Orthodox Church to reflect on whether this is the way to bring about life together and peace." In the meager net result of ecumenicalism in this region, which has almost been nullified, Kuharic's statement sounds like a thin and almost rarefied echo of current events, but its importance is amplified by the fact that, so we have heard, even a few Orthodox dignitaries refused to sign the Pakrac statement. This is the first time in a long while that the position has been taken even on the Orthodox side not to cast all the blame for the present enmity in Croato-Serb relations exclusively on the other side, which brings us that much closer to the situation in which at least some of the Orthodox dignitaries in Croatia were inclined to dialogue with the Catholic side.

A certain sobering after the original intoxication with the downfall of "atheistic bigotry" is at present read most easily in the pages of GLAS KONCILA, which in its last several issues has obviously been correcting some of its previous views and even has been permitting a debate with its permanent staff members (the issue before last carried a well-argued and rather caustic article from a reader, a layman, who objects to the propositions of the author of an article by the editors that religious studies should be returned to the regular curriculum). In that context, an article by Zivko Kustic, editor in chief, evoked quite a response; in it, he says that he is "not enthusiastic about changing the name of the Square of Victims of Fascism in Zagreb," whereupon he received letters containing threats and accusations, which he had "prophetically" anticipated. A bit earlier the paper also published several articles in which the problem of the

relation between church and state was differently approached with the thesis that "now is the time to caution once again that church and state must continue to be clearly distinguished." After all, "in a democracy there is no state religion, nor any state church. The fact that Croats in the Republic of Croatia are mostly Roman Catholics must not cloud the fact that Croatia also has more or less non-Catholics, people of various faiths and atheists, and that they are all citizens of the Republic of Croatia equal under the law. The state belongs no more to the Catholics than to them." For the moment, there are no signs that this kind of writing by the most prestigious Catholic newspapers has bothered anyone in the official church hierarchy; what is more, it has been noted that the barb from GLAS KONCILA related to changing the name of the Square of the Victims of Fascism is probably only a part of broader disagreements over name changes made in thoughtless haste, obviously in keeping with the taste of the top leadership of the church. Thus on his return from the trip through America and Canada, the Zagreb cardinal looked in disbelief at the square in front of the Cathedral, which was always called Kaptol, which the new city "sponsors" had now pretentiously named after Alojz Stepinac. Later, there was a demand for Tadjman himself to take a position on this; and in the municipal assembly he answered the cardinal's accusation saying that "no one had asked him anything" about the change of the name. Although the Croatian president did not agree with the cardinal's remark concerning the nonquestion ("Someone asked someone at some level," he said), he nevertheless made the conciliatory proposal of rescinding the decision and naming after Cardinal Stepinac something "associated with him in New Zagreb or elsewhere."

In riddling out the possible reasons for the church's withdrawal from the firm embrace with the state, one should perhaps start, as some are doing, with a kind of "fear of freedom" to which the church is exposed in the

new situation. That fear can best be illustrated with the example of religious studies, which now that it has crossed the threshold of the schools is arousing suspicion even of quite a few church people, who are afraid that if the teaching of religious studies becomes compulsory it could become just as abhorrent to the students as Marxism when they turned it into "party catechism." But fear is also aroused on a broader plane that, as some think, through its tie to the government the church will lose the main thing which has kept it strong over the last five decades—"it will no longer be an object of pity." To this we should probably add that a majority of high-level government officials are believers of modest "ordinary piety," most of whom "slept through" the Vatican Council without meaning any offense. Although some people think that the Council did not have the effect it should have even in church circles, one should not underestimate the determination of a certain number of church people to look at relations between church and state in accordance with the instructions contained in that church document, rather than the desires of people who have only heard something about it.

Although processes in Croatia and Slovenia have not reached their end point, nor is it possible to foresee with certainty how they will end, there has been an end to uncertainty in one respect. Here the elections are over with, and the partners on the church-political scene are well known, and elsewhere that has yet to occur. Thus the firm marriage of the Serbian Orthodox Church and the Socialist Party of Serbia, the open opting of the Islamic Community for Izetbegovic's SDA [Democratic Action Party] in Bosnia-Herzegovina, and the so far skillful evasion of the Macedonian Orthodox Church to incline toward any party in Macedonia may nevertheless be only transient changes in the church-political life of those republics. The religious communities in formal terms have nothing at all to do with the elections, but they will undoubtedly experience them along with everyone else.

## HUNGARY

### Soviet Withdrawal: Majority of Offensive Forces, Missiles Gone

91CH0134A Budapest HETI VILAGGAZDASAG  
in Hungarian 6 Oct 90 p 8

[Unattributed report: "How Much Does Soviet Troop Withdrawal Cost?"]

[Text] The Soviet Union would like to receive at least 2.5 billion rubles for the facilities vacated by Soviet troops withdrawing from Hungary. In last week's meetings with Soviet Minister of Foreign Trade Konstantin Katusev, Hungarian Minister of International Economic Relations Bela Kadar acknowledged the fact that the Soviet troops also generated certain assets in Hungary, but regarded reimbursement of the original cost of investments as an unrealistic demand. The cabinet will prepare by late November a list of facilities not needed. This list will be based on indications received from the new local autonomous governing bodies. Consequently, Hungary will not pay for these facilities, and expects the Soviet Union to make recommendations as to their sale. The Hungarian view holds that full reimbursement of investment costs is not warranted regarding the rest of the facilities either. The worth of these was reduced significantly by lack of maintenance and amortization. The use of certain facilities, mainly airfields in the form of joint ventures, may be discussed, provided that an agreement regarding final settlement can be reached. (The possibility of such an agreement is suggested for example by the fact that the minutes signed last Friday indicate that the Soviet Union is prepared to compensate for environmental damage caused.) In any event, economic disputes do not slow down the withdrawal of troops. Two-thirds of the offensive forces, including 78 percent of the missiles, have been removed from Hungary already. The Hungarian Honved Forces purchased none of the armaments used by the Soviet Southern Command. Reexportation of ammunition stored in Hungary was discussed, but in the end Moscow did not concur with this idea either.

### National Defense: Parliamentary Proceedings

#### Committee Action on Insignia

91CH0131A Budapest NEPSZABADSAG in Hungarian  
25 Oct 90 p 5

[Article By M P. on meeting of the parliamentary Committee on National Defense]

[Excerpt] [passage omitted] Before recess, representatives adopted a motion to the effect that the committee recommend to the minister of defense the removal of all inscriptions and insignia which have to do with the Hungarian People's Army from uniforms, equipment, and military vehicles. As a result of an inquiry by our reporter at the public affairs office of the Defense

Ministry, our reporter learned that the chief of staff has already issued orders for the development and gradual introduction of new signs.

Amending the National Defense Act was the second item on the cCommittee's agenda. Representatives were informed of the compromise reached between the cabinet and the opposition in this regard.

#### Committee on Soldier's Death

91CH0131B Budapest MAGYAR HIRLAP  
in Hungarian 25 Oct 90 p 3

[Article By Sz.Zs.: "They Also Discussed the Pozsar Affair; Experts Request Postponement"]

[Text] Contrary to expectations, the three criminal lawyers asked by the committee to comment, did not report the results of their investigation concerning the death of enlisted man Janos Pozsar. As it turned out, their report was in the process of being typed.

Legal experts asked the committee to postpone the deadline for submitting the opinion. The experts claimed that they did not wish to exert influence in the case by way of rendering an opinion until such time that the military tribunal renders a decision concerning a new trial. Thereafter it came as a surprise when Mrs. Janos Pozsar held up in her hand the Budapest Military Tribunal's decision to reject the petition for a new trial.

Representative Imre Mecs stated that the committee had no authority to interfere with the business of the tribunal, all they could do was to place under a magnifying glass the condition of the army. In this process they will also rely on Mrs. Pozsar's experience. The Association of Young Democrats [FIDESZ] representative stated his belief that the outlook of the military prosecutor's office and of the military court should be changed, and the need for these institutions should be the subject of review.... A representative from the Alliance of Free Democrats [SZDSZ] described the condition of the army as unfit to defend the homeland.

Regarding the first agenda item, the committee resolved that it would wait until the legal aspects of the Pozsar affair come to a conclusion, and until such time that representatives obtain the experts' report. Second, the committee resolved to ask the Ministry of Defense to provide retroactive data beginning in 1960 as to the number of enlisted men who died while on duty, as well as similar statistical data from other countries and a description of the action taken.

Members of the committee also discussed amendments to the National Defense Act.

#### Length of Service Changed

91CH0131C Budapest MAGYAR HIRLAP  
in Hungarian 30 Oct 90 p 4

[Unattributed report on parliamentary proceedings]

[Excerpt] By a vote of 328-1, with three abstentions, the National Assembly amended Law No. 1 of 1976 concerning national defense. Following a lengthy voting process on 41 amendments, the National Assembly decided that the total length of service for armed, unarmed, as well as civilian, duty will be 22 months. Within that, enlisted men on armed duty will serve on active duty for 12 months, while reserve duty will last for 10 months. Regarding unarmed duty the decision calls for 15 months of active duty and seven months of reserve duty. The term for civilian duty and civilian reserve duty will also be 22 months.

Further, the National Assembly decided to remove the educational function from among national defense tasks, and replaced this provision with the national defense task of teaching and training active duty personnel. [passage omitted]

#### **Parliament Defense Committee Proceedings**

91CH0175B Budapest MAGYAR NEMZET  
in Hungarian 22 Nov 90 p 3

[Report on parliamentary committee meetings]

[Excerpt] [passage omitted] At Wednesday's closed meeting of the National Assembly Committee on National Defense, Defense Ministry deputy state secretary Mihaly Beothy, informed members of the status of work, and the progress made in the establishment of national defense concepts and requirements. Beothy pointed out the fact that the Ministry could not delay this work until the complex definition of the Hungarian Republic's security policy is developed. Disintegration of the Warsaw Pact military organization has prompted political and military leaders responsible for the defense of the nation to establish a social consensus regarding at least the most important conceptual issues as soon as possible.

Relative to Representative Bela Kiraly's joining the Alliance of Free Democrats [SZDSZ], the committee considered the fact that Kiraly served as vice chairman of the National Defense Committee, a post to which he was elected as an independent representative. Some representatives viewed the changed situation as having shifted the ratios established by the various parties. The parliamentary committee decided to ask that the Committee of the House and the plenary session take a position concerning this issue.

## CZECHOSLOVAKIA

**Employment, Wage Developments Viewed**

91CH0057B Prague PRACE A MZDA in Czech  
Aug-Sep 90 pp 82-84

[Article by Eng. Jiri Fremr, Federal Statistical Office:  
"Evolution of Employment and Wages in the CFSR in  
First Quarter 1990"]

[Text] Note: Regular government reporting of employment and wages was very limited in 1990, especially in the area of quarterly reports. No data were gathered on the structure of wages payable resources, broken down by component. Moreover, numbers of workers and wages for individual categories of worker (blue collar workers, operations and service personnel, white collar workers) are reported on only annually. Only the industrial and construction sectors gather quarterly data on blue collar workers. This has resulted in a significant reduction in published data on a quarterly basis, and means as well that the information published in PRACE A MZDA is incomplete. Published figures for the year 1990 will have a broader scope.

The government and cooperative sectors of the national economy employed 7,663,000 workers in the first quarter. These workers filled the equivalent of 7,442,000 full time positions, 615,000 of which were on united agricultural cooperatives [JZD]. This represented a decline of 51,000 workers (0.6 percent) in this sector compared with last year. A significant percentage of

these people went out on their own. The number of employees declined by 0.8 percent in the Czech Republic, and by 0.3 percent in the Slovak Republic.

The loss of workers was most severe in industry (46,000 jobs lost, or 1.7 percent), with the loss spread over almost all industrial sectors. The greatest relative loss was in construction (16,000 positions, or 3.1 percent). The number of workers increased in only a few sectors, education and health care showing the most significant gains.

Despite lower overall production in the major sectors and reductions in employment, the government and cooperative sectors, excluding JZD, paid out Kcs67 billion, or Kcs1.7 billion (2.6 percent) more than the previous year.

This increase was influenced mainly by businesses, in which wages payable resources increased by 2.6 percent, while the work force declined by 0.9 percent. The main area of growth in these organizations was in payments from the bonus fund, from 7.5 percent of total wages in 1989 to 10.3 percent of total wages this year. At the same time payments of standard wages declined, in line with the planned strengthening of the role of the bonus fund (tied in turn to profits). Although profits declined, payments from the bonus funds were made using balances in these funds from past years. At the end of 1989, bonus funds had total balances of Kcs9.2 billion (an amount which, if distributed, would make it possible to raise the average monthly wage of a worker in an economic entity by Kcs140, or 4.5 percent). By 31 March 1990, this aggregate balance had declined to Kcs6.8 billion.

**I. Numbers of Workers and Average Monthly Wages in Main Sectors  
(Converted to Full-Time Workers) in First Quarter 1990**

Sector (Area of Activity)	Average Reported Number of Workers	Increase: Decrease (-) Compared With First Quarter 1989		Average Wage in Kcs	Increase: Decrease (-) Compared With First Quarter 1989	
		In People	In Percent		In Kcs	In Percent
Government and cooperative sector (excluding JZD)	6,826,972	- 50,697	- 0.7	3,224	112	3.6
Of which:						
Industry total	2,685,692	- 45,761	- 1.7	3,386	125	3.8
Of which:						
Coal mining	206,248	- 4,246	- 2.0	4,699	66	1.4
Heat and electricity generation	85,445	258	0.3	3,653	135	3.8
Ferrous metallurgy	148,874	- 1,424	- 0.9	3,788	112	3.0
Chemical industry	134,026	- 1,601	- 1.2	3,490	204	6.2
Rubber industry	33,169	- 364	- 1.1	3,402	88	2.7
Engineering total	1,030,087	- 25,158	- 2.4	3,273	121	3.8
Of which:						
Electrotechnical industry	243,022	- 3,522	- 1.4	3,177	129	4.2

**I. Numbers of Workers and Average Monthly Wages in Main Sectors  
(Converted to Full-Time Workers) in First Quarter 1990 (Continued)**

Sector (Area of Activity)	Average Reported Number of Workers	Increase: Decrease (-) Compared With First Quarter 1989		Average Wage in Kcs	Increase: Decrease (-) Compared With First Quarter 1989	
		In People	In Percent		In Kcs	In Percent
Construction materials	102,383	- 2,047	- 2.0	3,412	147	4.5
Woodworking	109,165	- 2,159	- 1.9	2,985	136	4.8
Glass and porcelain	82,304	- 2,305	- 2.7	3,048	172	6.0
Textiles	198,242	- 3,798	- 1.9	2,896	39	1.4
Clothing	52,179	- 833	- 1.6	2,755	47	1.8
Leatherworking and footwear	79,389	- 1,528	- 1.9	3,314	196	6.3
Foodstuffs (Ministry of Agriculture and Food)	184,957	1,002	0.5	3,139	193	6.6
Construction	501,327	- 16,222	- 3.1	3,447	123	3.7
Agriculture total (excluding JZD)	303,409	- 788	- 0.3	3,479	217	6.6
Of which:						
State farms	165,246	176	0.1	3,502	253	7.8
State forests	98,582	448	0.5	3,422	168	5.2
Railway transport	237,704	864	0.4	3,215	- 49	- 1.5
Automotive transport	104,030	- 400	- 0.4	3,584	120	3.5
Communications	122,450	243	0.2	2,814	167	6.3
Domestic business total	577,282	- 93	0.0	2,847	164	6.1
Of which:						
Retail trade	243,704	—	—	2,775	173	6.6
Public eating and drinking establishments	157,733	—	—	2,564	135	5.6
Science, research, and development	91,022	- 212	- 0.2	3,409	105	3.2
Local production and services	231,963	157	- 0.1	3,035	149	5.1
Education	468,494	7,474	1.6	2,831	45	1.6
Health care	354,512	5,927	1.7	2,937	63	2.2

The average gross monthly wage for workers in the government and cooperative sector, excluding JZD, increased by Kcs112 in comparison with last year (3.6 percent), to Kcs3,224 (the net wage was about Kcs600 lower). In the Czech Republic the average increased by 3.6 percent, to Kcs3,257, while in the Slovak Republic the increase was 3.3 percent, to Kcs3,139. Average wages increased faster in economic organizations (by 3.9 percent) than in budgetary entities (by 2.0 percent). This was in part responsible for the faster growth in the production sectors (3.9 percent) than in nonproduction sectors (2.5 percent).

The largest increase in average wages was in JZD (9.6 percent), on state farms (7.8 percent), in housing management (7.3 percent), in communications (6.3 percent), domestic business (6.1 percent), made up of retail trade (6.6 percent) and the chemical (6.3 percent), leatherworking (6.3 percent), and food industries (6.6 percent). Sectors with lower rates of average wage growth and relatively lower wage levels include the textile and clothing industries, education, and health care. In health care, where the average wage has increased by only 1.5 quarter saw an unfavorable development in labor productivity and therefore in the relationship between



labor productivity and average wages. In industry, labor productivity for gross output declined by 1.2 percent, while the average wage increased by 3.8 percent. In most industrial sectors labor productivity failed to remain at last year's levels. With the exception of the textile industry, even when labor productivity increased, the increase did not keep pace with the increase in average wages. Labor productivity in the production of basic construction products also shows an unfavorable relationship to average wages, in this case because production remained level while wages increased.

### Selected Data on Agriculture Published

91CH0057E Prague ZEMEDELSKE NOVINY  
in Czech 27 Sep 90 p 7

[Unattributed article: "Selected Agricultural Data"]

[Text] On the eve of the transition of Czechoslovak agriculture to market conditions it does not hurt to note its starting point in the form of a few selected indicators that characterize its basic proportions (representing the status as of 1 January 1989). Knowledge of this data can also help with various calculations or thoughts concerning the potentials and prospects for the further development of this sector.

Indicator	CSFR	Czech Republic	Slovak Republic
Total area (thousands of hectares)	12,790	7,887	4,983
Agricultural land (thousands of hectares)	6,765	4,307	2,458
Arable land (thousands of hectares)	4,752	3,242	1,510
People permanently active in agriculture (in thousands, excluding state tractor stations)	902	531	351
State farms	159	116	43
Agricultural cooperatives [ZD]	664	389	275
Private farmers [JHR]	4	2	2
Number of ZD	1,656	1,025	631
ZD land area (hectares)	4,290,023	2,612,533	1,677,490
Percentage farmed	75.17	82.21	64.20
Workers per 1,000 hectares	161.2	155.4	170.3
Capital assets (Kcs/hectare)	46,659	49,782	41,795
Capital assets (Kcs/worker)	289,363	320,285	245,413
PV (expansion unknown) profit (Kcs/hectare)	1,444	1,313	8,647
Profit (Kcs/hectare)	2,275.67	2,453.45	1,998.80
Total resources (Kcs/hectare)	2,832.58	2,996.19	2,577.78
Fund allocations (Kcs/hectare)	2,208.92	2,256.83	2,134.30
Profitability (percent)	9.2	9.6	8.5
Operating loans (Kcs/hectare)	8,671.74	9,390.48	7,552.38

Source: Federal Statistical Office and Research Institute for Agriculture and Food Economics, Prague.

## HUNGARY

### IMF Delegation Chief Expresses Approval; Additional Loans Possible

91CH0152B Budapest NEPSZABADSAG in Hungarian  
3 Nov 90 p 1

[Hungarian Telegraph Agency (MTI) report: "We Will Receive a New Loan From the IMF"]

[Text] Massimo Russo, director of the IMF's Europe Divisions, heads the IMF delegation to Budapest. At a press conference held Friday at the central bank, the

Hungarian National Bank [MNB], Russo expressed satisfaction concerning this year's performance of the Hungarian economy. It was found that it was possible to achieve the established goals, and in certain areas the established goals were exceeded. Russo regarded inflation as the only cause for concern because of its rapid acceleration.

Russo said that the IMF has begun negotiations with the Hungarian Government concerning a cooperation between Hungary and the IMF for next year and the years thereafter. Government policies largely agree with the purposes pursued by the IMF. The IMF supports the idea of accelerated liberalization, the building of a

market economy, and the maintenance of a restrictive financial policy, as well as privatization.

In response to questions, Russo said that he was unable to judge the limits of the Hungarian people's tolerance concerning whether they will accept the more stringent measures that are planned. Nevertheless, Russo called attention to the fact that reform measures must be realized as soon as possible, because if these measures are delayed by the government, the cost of the reform will be increased. It is up to the Hungarian government to determine the manner in which it intends to implement the needed measures. Support, by way of financial help provided by the IMF, enables the implementation of the program with fewer obstacles and surprises. Russo agreed with Prime Minister Antall's assessment which said that the Hungarian people enjoyed better living conditions in earlier years than what would have ordinarily been possible as a result of the external loans taken by the country. This situation must now be changed.

Reports from Washington indicate that the World Bank and the IMF will accelerate the pace of further providing significant amounts of credit to Hungary in order to alleviate concerns stemming from the oil crisis and the collapse of CEMA trade. There is hope that Hungary will receive a \$150 million World Bank loan this year, and between \$900 million and \$1.3 billion in the course of the next two years. The IMF will provide \$1 billion in additional loans to Hungary. At the same time, negotiations began earlier concerning how additional loans will be accelerated, and how the utilization of older loans will be treated in a more flexible manner. Deviating from the original purposes of such loans there will be a possibility to use these funds for the purchase of oil and for other procurement.

Well informed circles understand that the most recent developments in Hungary drew the attention of international financial institutions to the critical economic situation of the region. Executive processes will be accelerated as a result of this recognition.

### **Soviet Termination of Prompt Collection Agreement Discussed**

#### **MNB Viewpoint Expressed**

91CH0153A Budapest *MAGYAR NEMZET*  
in Hungarian 27 Oct 90 p 9

[Hungarian Telegraph Agency (MTI) report: "The Partners Do Not Pay; The Hungarian National Bank (MNB) Recommends Halting All Exports to the Soviet Union"]

[Text] The Soviet Bank for Foreign Economic Activities recently served notice to the central bank, the MNB [The Hungarian National Bank], that as of 20 October it unilaterally discontinued using prompt collection payment terms vis-a-vis the MNB, i.e., it revoked the requirement to effect immediate payment on MNB claims.

In conjunction with this report, MNB Division Chief Bela Sandor said that by virtue of this unilateral move affecting Hungarian export shipments, the Soviet party brought up the earlier international and interstate agree-

ments. In practice, this means that the Soviet party will not pay to the MNB for products delivered under contracts which stipulate prompt collection. As a result of this move, the MNB will not be able to pay Hungarian enterprises and entrepreneurs the forint value of goods already delivered, or to be delivered to the Soviet Union. The Soviet party informed the MNB that instead of prompt collection, the following methods of payment may still be used relative to export shipments to the Soviet Union: smooth collection [as published, meaning unknown], bank transfers, letters of credit, or bank guarantees.

The MNB calls upon Hungarian enterprises and entrepreneurs to try to change their payment terms on existing contracts which specify prompt collection and on which deliveries were not yet made, to one of the above payment terms, and for the remainder of the year to enter into agreements with Soviet trading partners only on the basis of the above payment terms. Enterprises and entrepreneurs should not deliver goods to the Soviet Union based on such agreements unless they are able to change payment terms on existing contracts with Soviet parties to a method other than prompt collection.

#### **Concept of Prompt Collection Explained**

91CH0153B Budapest *MAGYAR HIRLAP*  
in Hungarian 6 Nov 90 p 6

[Article by Melinda Kamasz: "Prompt Collection To Be Restored This Week? The Soviet Lesson; Not Only Hungarians Were Struck by This Step"]

[Text] We will find out this week whether the Soviet Union will restore the prompt collection payment term relative to the Hungarian-Soviet mercantile trade. Unilateral termination of this payment term, which was announced on 20 October, caused serious damage to Hungarian enterprises. On the other hand, it is also true that cancellation of these payment terms was among the actions contemplated by the Nemeth government earlier.

"Prompt collection" has been a customary payment term within CEMA, and has been operating for many long years. The essence of it is this: If an enterprise delivers goods to another country within CEMA, that enterprise receives immediate payment from the central bank for the goods shipped, once these goods have crossed the border. Such payment takes place independent of whether the buyer transferred the purchase price of such goods to his central bank. Any problem that may have arisen in conjunction with such payment was later settled by the parties involved.

This payment system was administered by CEMA's bank—the Soviet Bank for Foreign Economic Activities and Cooperation [NGEB]. This bank ordered payments to be effected by affiliated banks, because these banks could transfer funds immediately upon receiving invoices.

In the Hungarian-Soviet relationship this took shape as follows: Whenever a Hungarian firm sold goods to a Soviet enterprise, and if the merchandise was indeed on its way, the MNB effected payment immediately to the shipper based on an enterprise's order to collect, even though the MNB received payment within NGEB with a

slight delay. This delay, however, did not create obstacles, because the Soviet Bank for Foreign Economic Activities paid instantly.

This system was highly favorable from the standpoint of Hungarian and other CEMA country enterprises because they did not have to wait months to receive money for goods sold—a matter to which exporters to the West have become accustomed. This rather comfortable situation stimulated Hungarian enterprises to make shipments to the CEMA countries because they recovered their money instantly. To be sure, the Hungarian surplus increased particularly with respect to its primary trading partner: the Soviet Union. Presumably this is the reason for the Nemeth government wanting to cancel the prompt collection system earlier. In the end, the Nemeth government did not terminate the related agreement because a decision of this kind would have violated the actual rules of CEMA accounting.

At this time, the Soviet Bank for Foreign Economic Activities made this decision, and cancelled its authorization given to the NGEB regarding transactions with Hungary and Czechoslovakia. The MNB learned about the Soviet action later, but by then it had paid out about 30 million forints to Hungarian enterprises. This amount represented the selling price of goods delivered. Cancellation of the prompt collection system means that the Soviet bank will make payments only after it receives the corresponding documents from Soviet buyers.

This cancellation came as a surprise to the Hungarian party because earlier this year, an agreement concerning a zero balance plan was consummated for 1990. A Hungarian surplus evolved this year not because Hungarian enterprises exceeded the planned level of shipments, but because Soviet firms failed to make deliveries consistent with plans. Termination of the prompt collection provisions caused serious concern to Hungarian enterprises because they now must obtain credit financing for their continued production, and the interest on such credit is rather high (if commercial banks grant these enterprises credit at all). Accordingly, Hungarian firms are burdened by Hungarian expenditures which were not planned in advance. True, this measure will have the effect of holding back on Hungarian exports, which is the way the Soviets planned for it to happen, but in reality, terminating this system does not benefit the Soviets either because they need quite a few goods from Hungary. For this reason, it is conceivable that a decision to restore the prompt collection system will be made this week.

We were told at the MNB that this delay affects billions of forints worth of deliveries. The MNB is unable to provide accurate data because many firms did not even hand in their collection orders to the MNB once they learned about the cancellations.

Present concerns involving prompt collections clearly identify the severity of problems Hungarian enterprises will face next year, after financial settlement with the

Soviet Union is placed on new foundations. Although the argument which holds that the firms did not budget for the payment interest on temporary credit financing this year is acceptable to a certain extent, we would like to believe that these firms will be prepared to face this situation once again next year. A large part of the enterprises which produce goods for the Soviet Union struggle with severe financial problems. This has clearly manifested itself as a result of the unilateral cancellation of the prompt collection agreement. If nothing else, the cancellation provides a good "lesson" which fore-shadows and calls attention to concerns that will become everyday events next year.

## POLAND

### Former Industry Minister Wilczek Offers Economic Critique

91EP0060A Warsaw *POLITYKA* in Polish No 42,  
20 Oct 90 p 6

[Interview with Mieczyslaw Wilczek, former minister of industry, by Andrzej Mozolowski; place and date not given: "Impoverished Capitalists?"]

[Text] [Mozolowski] Eighteen months ago I did an interview with you, right after the triumphant victory of the opposition in the election, and before the change in government. At that time Solidarity was cohesive and homogeneous and the party was very unified and it was still the leading party. You announced then that the PZPR [Polish United Workers Party] would soon disintegrate and that its fragments would be transformed into a social democracy. You stated that Solidarity would split and quarrel. These statements (especially the first one) threw the censors into a tailspin. The interview with Minister Wilczek made its way into a drawer. But your prophecies have all come true. Would you like to divulge to us what awaits us now?

[Wilczek] I do not want to be a fortune teller in the field of politics. It was easy to prophesy then. Any child could guess what would happen, but nobody had the courage to say it. I have just one thing to say today: no one is in a position to reverse the changes made by this government leading us toward capitalism, changes which have been accepted by all the surrounding countries, with the Soviet Union in the fore, viewing us as an experimental testing ground. This is an ongoing process and one which will continue to take place until we reach full-blown capitalism. We already have equality of sectors and a decent fiscal system (that is my contention!). The odium has been removed from people with initiative, we have mixed-capital enterprises and capital is slowly flowing into Poland.

[Mozolowski] Precious little capital has flowed into Poland so far.

[Wilczek] That is true. However, you also must take into account that \$100,000 in Poland means a great deal more than \$1 million in the West.

[Mozolowski] Why so?

[Wilczek] Well, I, for example, am now making an investment of \$8 million, the annual plant production value is \$36 million (of which \$22 million is export) and the annual profit is \$8 million. In other words, within a year I will have a full return on my investment! The world has not seen such investments. We have excellent conditions for making investments.

Unfortunately, however, this march toward capitalism may be faster or slower. At present the political maelstrom, the split and the struggle, which is often waged from totally socialist positions, are causing a tremendous delay; the populist part of Solidarity is cultivating outright Bolshevism. This populist group is actually opposed to privatization. The new local officials, upon whom much depends, are making old mistakes and are blowing off steam at poor investors. One denunciation is enough to break up any given investment...even if it is the application of some extremely stiff environmental protection regulation that no one would dare to employ against the Katowice Works or Sendzimir, for example.

I expect that the electoral campaign will worsen the matter even further. If Walesa, who lured American capital to Poland recently in an ardent speech before the U.S. Congress, cries out today during a preelection meeting: "Let us give Poland to the Poles instead of selling it to the Americans, who want to close 75 percent of the enterprises and let the employees go," it is obvious that this Western capital will be scared away. If this statement were made by the union boss it could be forgiven, but such a statement coming from a presidential candidate? After all, foreign countries are listening to what he is saying!

Given this situation, is it any wonder that foreign capital is not rushing into Poland? Jan Kott, who has lived in the U.S., wrote aptly right in *POLITYKA*: "Americans, and especially American businessmen, are leaning today towards the opinion that Poland cannot be taken seriously." We must make a concerted effort to convince people that the capitalist system is better than the socialist system, that privatization is necessary. For many people are not convinced, particularly union leaders (but not only union leaders). When I hear Sejm Deputy Bugaj say that of course he is ready to agree to capitalism in Poland, no matter how impoverished it is, I throw up my arms in despair. The fact that it is too easy to strike and that we still do not have an appropriate law also pushes us back. When I read that the machinists are again getting ready to strike and that no one will be able to stop them, I am stricken with dismay. Several hundred irrational people want to paralyze Poland's transportation system—and just as winter is about to set in. The economic consequences of this may be disastrous.

As an employer I must say openly that unless the trade unions become depoliticized and unless their performance of revindictory tasks and the ease with which they can strike are curbed, we shall not move forward. Unions must operate within the framework of the law and not outside the law. Nor can the unions lead the government by the nose.

[Mozolowski] You are forgetting that we want not only capitalism but democracy as well. And how can you conceive of democracy without strong trade unions?

[Wilczek] How do you conceive of the fact that the percentage of trade union members in democratic America is 10 percent of the employed? In Western Europe it averages 20 percent. And do you have something against Great Britain? Is it undemocratic? It has strong trade unions, but it does not have a large number of unions either, and they are absolutely apolitical. And, instead of our taking a shortcut towards capitalism, we baby ourselves, for what pertains to the union is holy and very many people are firmly convinced that the factory where they work exists only to provide employment for them. These are all elements of socialist upbringing. Ultimately, if privatization does not move along at a speedy rate, in five years all businesses will go bankrupt and others will purchase the whole bankrupt Polish lot. I even know who will buy it: our wealthy neighbor.

[Mozolowski] But what you are saying is a negative program. What is your positive program?

[Wilczek] My positive program is agriculture. It provides for us fairly well, but still insufficiently. For years I have been saying that if we hedged our bets on a productive, ecologically sound and strong agriculture, we would be an export power. Not electronics or cars—that's rubbish. We can compete in food production that is of good quality, nutritious, and attractively packaged. Modern, productive farms, not smaller than 20 hectares. Not the sort of farming projected by Docent Rafal Krawczyk who would like to turn rural Poland into a Skansen museum. That would just mean the ossification of rural poverty, the hand-to-mouth existence. It is sheer idiocy.

All over the world agriculture is drawn by the processing industry. Our current processing industry is miniscule, obsolete, horribly wasteful, and disastrously managed and organized, and so it is unproductive and expensive. Peasant farmers are paid penuriously because otherwise the industry would not survive. We must have an ultra-modern, productive and highly efficient food processing industry which, as a result of low production costs, could pay farmers fairly, thus inclining them to increase production and to make more money. And this will create no demand barrier: export will become an opening, the unsated Soviet market will become an opening. I repeat: Polish agriculture can and should be a power; rural Poland can and should be wealthy.

[Mozolowski] I agree wholeheartedly that a strong, modern and productive processing industry and packaging on a European level would be good. But where are

we to acquire all this? Our investment movement is sickly and people of initiative somehow prefer trade to production.

[Wilczek] Where are we to acquire it? Well, it will not drop down from heaven. My dear sir, we must make it happen—now. I myself am building a processing plant to process a million hogs annually. This is five percent of all domestic hog raising. It will be a very modern plant, well very organized, and it will pay farmers well for their livestock. It will package the meat attractively and will export it.... There are many such plants and there will be still more of them. We can have such a food industry and such agriculture.

But again, if those without common sense (for example, what is being proposed now by Mr. Bartoszcze of the PSL [Polish Peasant Party] or the advice given by such an adviser as Mr. Krawczyk) will be the spokesmen for rural poverty—for that is what it seems to me—and, unless some sort of peasant party grouping of average-size and large-scale farmers, good farm producers and breeders is not created, the village will remain poor and the city will not profit from this in any way.

Moreover, a general outline of the economic policy being conducted by the government, the goal of which is to create economic conditions leading to changing the structure of farms and to developing processing, is absolutely on target. Balcerowicz's program is a rocket which can lead our economy into the European orbit. I think that a majority of society agrees with me. If the various factions of Solidarity, of the OPZZ [All-Polish Trade Unions Agreement], and of other groups in society organize society against this government, they will do so in order to achieve their own, purely political, ends. Yesterday I spoke here with a few highly placed Soviet economists. They dream of having their own Balcerowicz....

[Mozolowski] Fine. We have resolved the problem with regard to agriculture. Now what do you have to say about industry? It is being said that you did in the FSO [Passenger Car Plant] when you broke your contract with Fiat. Since that time, it has been on a downward climb....

[Wilczek] It has been on a downward climb for 20 years. The contract with Fiat was not a signed contract and it was totally unrealistic. FSO counted on \$500 million of credit which no one would grant them, and on big money in zlotys...from the export of the Polonez model! They really make me laugh.... I saved them from catastrophe.

[Mozolowski] And the other branches of our obsolete industry you have not covered? What would you advise them to do now?

[Wilczek] We cannot yet afford a universal, rapid modernization of industry. On the other hand, we can afford universal, rapid privatization. Rapid! State plants are squandering what they have. They are not investing it, but are vegetating and are veering towards bankruptcy. They must privatize solidly, sometimes against the will

of the work force. In the end, the employee in a privatized plant will have it better than in a state plant! It has been proven that the employer in a private plant takes better care of his employees.

[Mozolowski] But it is no secret that in many plants people do not want privatization.

[Wilczek] Employee council and trade union activists, who now have it good, who are important, just as the former PZPR plant activists were once important, and who fear that they will become ordinary employees, are crying out against privatization. Others crying out against privatization are all those people who work poorly because they cannot work well or they do not like their work and so they are afraid of the discipline and the rigors of the market. Moreover, often they are the same people. It was always the case that a good employee, a good foreman did not push his way into the party or the union; he pushed his way into the bursar's office to be paid the wages due him for good work. Meanwhile, it was the shirkers who were the first ones to become party and union activists and the like.

Moreover, there is also the familiar matter that we have many branches which are expanded beyond measure: metallurgy, mining, and the shipbuilding industry. We have heard this for more than a decade now. These industries are sapping our electrical power and our raw materials and they constitute an enormous danger to the environment. Moreover, in general they have no market for their expensive, uncompetitive products. For years, highly developed countries have been reducing their steel production, but not their consumption; they have left this up to the backward countries....

I am being attacked for having had the courage to place a total of one shipyard in a state of liquidation. And now it is clear to everyone that I was right. And it is no accident that the Paris Commune [shipyard] found itself a foreign joint venture partner, while no partner has yet been found for the Gdansk Shipyard, from which Walesa hails, claiming that he can do everything for Poland. No one is eager—do you wonder about this? Besides, which capitalist in his right mind would come into a shipyard where trade unions govern, where the greatest desire is the desire to strike and make demands beyond measure, and where all energy is expended in hurling invectives against the government.

[Mozolowski] But there is good competition for the shipbuilding industry in the world.

[Wilczek] But look, nobody is building new shipyards! And the British government has sold a good shipyard to some Swedish gentleman...for a symbolic pound! If only we could avoid such a misfortune. These stories about a shipbuilding industry renaissance are most often told by our ship designers, for they do not want to lose work. In addition to this, we are almost exclusively making hulls in Poland, while everything from the ship's interior that is modern and complex must be imported.... Certainly, we could find work for all our shipyards, but the purpose

of shipyards is not for dockworkers to have work, but to use them to advantage. Meanwhile, according to one of the deputy ministers who spoke at a government meeting, the Gdansk Shipyard continually operates at a loss. Similarly, the coal mines in Walbrzych, which are a misfortune for the miners who work there, for the region, and for the national economy, should be closed. Certainly, we must build there a good, profitable, safe industry, in order to provide people with a safe place to work.

[Mozolowski] But when you were in the government, you did not close even a single mine....

[Wilczek] I was unable to do so. This cannot be done in a short time, overnight; it is a process that takes years. But I did prepare a list of the 15 worst mines to be closed which included the Walbrzych mines. We closed a few raw materials departments of the Silesian mills and we closed Wiskoza in Jelenia Gora. We marked out the proper direction, that of restricting obsolete, raw-materials-intensive and energy-intensive branches and to seek development there where we have opportunities. I saw this to be in the agricultural-food branch.

[Mozolowski] But you also envisaged it in light industry...and nothing came from this for you.

[Wilczek] Yes, I was mistaken here. World progress has proved to be so tremendous in processing cotton in Asiatic countries and wool in New Zealand and Australia that we will not catch up; there is no making up the lag.

But I return to that from which I began. The most important thing in industry is rapid privatization. Sale to private purchasers, to limited liability companies, or to stock companies...

[Mozolowski] Or in the form of employee stock.

[Wilczek] No! Employee stock is socialism, only in a different packaging. And it is even more stupid. It afflicts people with water on the brain, the delusion that all profit belongs to them. Then stockholders eat up all the profit and skimp on investments. It is a sort of Czech progress: advancing backwards. Clearly, no one can prohibit anyone from doing this. If people who are willing to try it are found, if they try such an experiment, and if it works for them—then God bless them! Nonetheless, this cannot be imposed or applied on a large scale.

[Mozolowski] Enough about economic matters. Let us move on to politics. In your opinion, what awaits us?

[Wilczek] I honestly admit that I am horrified by the considerations of who is to become president. Theoretically speaking, as an entrepreneur I should be totally indifferent to this question. A president is not necessary to me for any reason. Throughout the world governments change, presidents change, and good enterprises still do well, regardless of who is head of state. But in Poland this is not a neutral question during a period in which 80 percent of industry still finds itself in the hands

of the state. Here the government and the president must behave as a collective employer whether they like it or not. Meanwhile, the worst that can happen is that the collective employer who yields to populist moods will not privatize and will destroy what Balcerowicz has already accomplished, at the expense of major sacrifices on the part of society, and will bring about a situation in which everyone will be at each other's throat, for that is where poverty leads. It will also set the poor against the rich, each time strengthening the onslaught of the argument, that it is either the old nomenklatura system, a new nomenklatura system, the unbelievers or the Jews! It will be a total Polish hell....

For this reason I believe that the choice of Walesa, the representative of populism, for president, would be very ill-advised. I respect his virtues, his political instinct, and his character, but he does not have a presidential face right now. He says that he will go around with a hatchet, that he will "make order" and govern by decrees. And so we see who is beginning to gather under his wing—the whole political margin, with whom he has nothing in common ideologically. But I believe that if there will be a struggle over programs, then the better program, Mazowiecki's program, will win out.

[Mozolowski] Do you not expect to return to the political scene?

[Wilczek] No. Everyone should do what he knows how to do best and what he likes the best. And I feel best in business. I want to do it not only on the Polish scale but also on the European and world scale. And more and more often I encounter the interest of important industrial centers and important businessmen in the West. The proof of this is the invitations I have received to international economic conferences or, recently, to the 200th anniversary of the Philadelphia Stock Exchange and, in conjunction with this, a series of lectures in the United States. Tomorrow I leave for this trip.

[Mozolowski] You fly high....

[Wilczek] If you only knew. Yesterday we got a real bargain—I am referring to Polnippon, of which I am vice president—two Il-18's from Interflug, which will begin to fly under the firm Polnippon Cargo in December.

[Mozolowski] What will they transport and to what destination?

[Wilczek] Probably bananas from Columbia to Sweden and flowers from Warsaw to Moscow.

[Mozolowski] Thank you for the interview.

### **Interest Shown in Privatization of Exbud Conglomerate**

91EP0063A Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 39, 30 Sep 90 p 5

[Article by Jacek Swidzinski: "Zaraska's Privatization: Exbud Wants To Be First on the Road to Capitalism"]

[Text] In January of last year, incumbent premier Mieczyslaw F. Rakowski called a meeting of directors of the 2,000 largest enterprises. Witold Zaraska, director of Kielce's Exbud Plant, was one of the first to speak at the meeting. He did not complain and he did not ask for help. He spoke of the necessity of thinking and acting in a new way. Nobody liked that.

Several months ago he announced a proposal to privatize Exbud.

The export office of the Kielce Construction Union—that is the form in which Exbud originated—began its economic activity in January 1978. The state of its fixed assets was nil and the state of its revenues was also nil. Zaraska borrowed 1 million zlotys from somewhere, and with this Exbud set out to conquer the world.

Krzysztof Smolarczyk, Zaraska's deputy, says of his superior: "The effort was that of the chief alone. He created the firm and brought about its development. He created an enterprise management team and won the trust of the work force. It is still a state enterprise, but created by one man."

Exbud started out with construction services for the Kielce union. When the Law on State Enterprises went into effect in 1982, Witold Zaraska's firm took advantage of the opportunity and gained its autonomy.

Burgeoning—that is the term that comes to mind if one looks at the firm's development. Exbud created six [as published] branches, which enjoy much autonomy: in Warsaw, Szczecin, Lodz, Krakow, Lublin, Koszalin, Opole, and Wroclaw.

Along with its territorial expansion, Exbud enriched its operational profile. It no longer offered only construction services, but began to offer a broad range of technical services: repairs, production activity for clients, mechanics, metallurgy, insulation work, the preservation of monuments, and even wood chopping. Exbud has its own workers but very often it hires specialists, and even entire specialized firms, which then engage in trade service. Production activity in Poland is conducted along two paths: on the one hand it constitutes support for export services, and on the other it is sold completely independently on the domestic market and abroad. In Kielce there is a plant which produces construction elements such as woodwork and hollow clay block, for which it holds its own patent. Modular office furniture is also produced there in coproduction with a foreign partner. Exbud purchased and modernized a vat paper production plant, an electronic equipment plant which produces television and satellite antennas as well as an apparatus for learning foreign languages, and it possesses a plant for the preservation of old manuscripts and its own publishing house in Jędrzejow.

Director K. Smolarczyk says: "It is becoming more and more difficult to sell our services abroad. As everyone knows, there is a crisis in the East. In the West, the difficulties emanate from the need to protect one's own

labor market against foreign competition. For this reason, we devote considerably more attention to trade activity."

Exbud is equally interested in dealing in export as in import [as published]. It has begun to create a network of stores. At present it has three such operations in Kielce and one each in Opole and Lublin, but soon the firm's logo will be known in other cities as well. "All of my actions in the past and in the present have been aimed at creating a private economic conglomerate, operating according to the principles of a tested market economy," wrote W. Zaraska in the introduction to a folder advertising the firm.

"It would be difficult for us to privatize by starting with large-scale enterprises belonging to the top 20 Polish industrial enterprises," says Jacek Chwedoruk of the Ministry of Ownership Transformation, "but at the same time we need success, we need activity which is evident to society. That is why we initially selected seven large-scale, very good enterprises. They must guarantee success in privatization during the preliminary period, for a good start ensures that the process will continue successfully." In addition to Exbud, the other enterprises selected were: the Silesian Cable Factory in Czechowice-Dziedzice; the Warsaw Norblin Enterprise; Tonsil in Wrzesnia; the Jelenia Gora Paper Production Machine Factory; the Krosno Glass Works (the selection of which was questionable in light of the announced problems with natural gas); and the Swarzedz Furniture Factory. The Kielce conglomerate, which currently employs almost 10,000 workers, is the largest enterprise in this group.

During all of June and July, experts from the well-known British consulting firm Coopers and Leybrandt visited Exbud. They ascertained that the privatization of the enterprise could be conducted rapidly and efficiently. They based their findings on the following: the differentiation of the selling market, the wide variety of activity in the various economic sectors, the healthy financial condition of the enterprise, and an excellent team of employees led by a highly qualified managerial staff. The Englishmen expressed in writing what Exbud's West European contractors have known for a long time. Several firms from the so-called second payments [hard currency] area became seriously interested in purchasing stock from the Kielce enterprise.

A firm's finances are a very important factor in the privatization process. The proper proportions must be maintained between plant capital and loans incurred. The credit structure (the shorter the term the better) and dividend liabilities are also important factors. The possession of shares in other enterprises or banks is another important factor.

Exbud is a gem from the financial point of view. This year the total sales will amount to more than 640 billion zlotys, with a profitability index of more than 20 percent.



As of 1 January 1990, the gross fixed assets were estimated at 34 billion zlotys and the net fixed assets were set at 26 billion zlotys. The most important thing is that in 1990 the enterprise has no credit obligations.

This year, exports are projected to increase by 10 percent. Exports to the first payments [exchangeable rubles] area are set at 217 billion zlotys, and exports to the second payments area are projected at 258 billion zlotys. Moreover, the cost of acquiring \$1 is averaging 8,360 zlotys.

Seventy-four percent of Exbud's income is from export activity, although the firm is looking at the domestic market with ever greater interest. In the West, the most important contractor is the FRG, where Exbud provides technical, construction, and forestry services. This year, cooperation with the Schafer firm in the field of producing office furniture and providing it to clients is on the upswing. Austria and Belgium are two other important partners. In Belgium, and specifically in Ghent, a Kielce-style school, hotel, and single family housing complex are being constructed. Likewise this year Exbud is offering its construction services in France.

In the West, Exbud sells: window glass, rolled products, fiberboard, wooden and leather haberdashery, and metal products. It exports the following to the former socialist camp: verification-measurement apparatuses, plastic products, construction materials, and industrial machinery and equipment.

The construction-installation services market is shrinking in the former socialist camp. Export to this market will constitute 84 percent of what Exbud obtains on the free foreign-exchange markets. The most important contractor is Czechoslovakia, and the most important contract is the construction of an airport in Prague. The GDR is another selling market. The greatest profits in this market are brought in by reconstruction projects on monuments in Leipzig and Weimar. Similar projects are being conducted in Budapest, where Exbud is building single family housing complexes and is renovating a hotel.

Exbud possesses money-market shares in the Szczecin-Swinoujscie Free Trade Zone Stock Company and in the Free Trade Zone Limited Liability Company in Ustka, stocks in the Export Development Bank, a 40-percent share in the Izet-Exbud Company in Krakow, and a share in the Espebe Company from Radom. Purely financial activity is becoming a greater and greater draw for the managers of Exbud.

Director Smolarczyk says categorically: "We have already exhausted our possibilities as a state enterprise. Privatization is an indispensable venture for our firm's development."

Director Krzysztof Smolarczyk expected to privatize sometime around the date of 12 September 1990. It has leaked out from government circles that Exbud may obtain a developmental opportunity in October. The

lack of a minister for ownership transformation affairs was apparently to blame for the delay.

In some enterprises the privatization campaign has met with opposition from employee councils or trade unions. Nonetheless, Witold Zaraska held an employee referendum on this question in his firm. The results were better than the voting for deputies or senators: 93 percent of the work force favored privatizing.

The work force, management included, will be able to purchase shares at a discount of 50 percent. Certainly, there will be no shortage of takers. Up to 10 percent of the stock may be sold to foreign partners, without any sort of state control. Interested parties are already standing in line. Exbud wants to have only one partner from the outside. Who will this partner be? It is a trade secret.

## YUGOSLAVIA

### Slovene Finance Minister on Federation Fund, Tax System

91BA0092B Belgrade BORBA in Serbo-Croatian  
5 Nov 90 p 6

[Interview with Slovene Finance Minister Marko Kranjec by Dara Vucinic and Bojana Zukov; place and date not given: "The Temptations of Spent Money"]

[Text] Even some traditionally thrifty Slovenes warned us in advance that even by their standards, Finance Minister Marko Kranjec was an "incorrigible miser" with respect to the state treasury.

Reminding him of these "rumors," we asked him whether it was true, or whether something else was the main reason why, as soon as he entered his present position, he considerably cut the budget outflows to the federal treasury and completely eliminated those to the Federation Fund for the Undeveloped Areas.

[Kranjec] The developed areas' subsidies to the undeveloped ones for many years have not yielded any results whatsoever. Money was spent and spent in vain, so to speak. That is why that system is definitely over with for us. We will no longer pay for any sort of false solidarity.

[BORBA] Aren't investments in the undeveloped areas aimed at a market? And in that market, in turn, the more productive ones are more privileged. In this case it is Slovenia, isn't it?

[Kranjec] No, I do not agree. In principle, that is true according to the textbook, but practical life is different. The present system for investment in the undeveloped areas is actually very harmful for both the undeveloped and the developed areas. In the first place, this is because they received the money without any obligation to submit accounts concerning who invested the money how, where, and in what. The proof of this is that all those enterprises down there, which have lived off this



money, are in the greatest difficulties today. It has also been indirectly harmful to the Slovene economy, even though some of our enterprises could benefit from it, because they could get money there for bad and poor-quality products, which made them complacent. They marketed things there that would not have passed in the developed part of Europe. They thus had inefficient production, without the necessary exposure to competition from higher quality and cheaper world production.

Sales in undeveloped, poor, and closed markets can no longer be the criterion for the efficiency and effectiveness of the Slovene economy. It has to equip itself to produce and sell at a competitive price in any market in Europe and the world.

[BORBA] In your opinion, how long would it take for it to equip itself to be competitive with European producers?

[Kranjec] That is difficult to say precisely right now; perhaps in three to five years. During that period it is necessary to restructure ownership, the economy, production, and organization. Naturally, some industries will never be able to earn a profit and operate efficiently in an open world market. That is why they will be gradually eliminated. What will be left will be those capable—without taking into account, naturally, the infrastructure and similar areas—of supporting the economy, but which the state can subsidize, like other market countries.

[BORBA] Let us go back to encouraging the development of the undeveloped areas. Even the European Community has such a fund for its members.

[Kranjec] Yes, but the criteria are completely different there. In contrast to Yugoslavia, people there know precisely what is soaked up and what is paid for. Everything has to be under competitive conditions, without segmentation and closed markets.

[BORBA] Slovenia's refusal to pay money into the Federation Fund for the Undeveloped Areas has constituted one of the main Yugoslav conflicts for a rather long time. Do you think that there cannot be any change in your positions?

[Kranjec] There cannot be any sort of return to the old system, because even in the future it could not have any chance for success. There is no more free money anywhere. Insisting on it would only prolong the conflicts. Consequently, there could only be cooperation with a guarantee that the funds to be collected from the developed republics would be used efficiently—economically, politically, and culturally, and with the one providing them having some influence.

[BORBA] How much have the contributions for the undeveloped areas been a burden on your economy's social product?

[Kranjec] About 2 percent, counting the obligatory rates and what was provided through the pooling of funds.

Those funds will now be welcome as a relief to the Slovene economy, especially since it is having great difficulties itself.

[BORBA] We read somewhere that you have, however, burdened your economy with some new republic allocations.

[Kranjec] No, that is not true. We reduced the contribution and tax rates, and we did not introduce any new ones. After all, Slovenia is the only Yugoslav republic that even nominally reduced its republic budget by 2 percent in June. Since then, inflation has begun to increase, but we nevertheless adhered to this reduction, and we will persist in it. This is in contrast, for instance, to the federal budget, which is considerably larger than both last year's and the one initially planned.

[BORBA] Nonbudgetary expenditures were also transferred to it this year, however. Furthermore, the social product, on the basis of which the funds in the federal treasury increased, is also proportional to that.

[Kranjec] I know. Markovic said that first in the beginning. Now, however, if I may say so, through purely statistical frauds, he has calculated that the Yugoslav social product, on which the increase in the federal budget is based, amounts to more than a fantastic one trillion dinars. At the official exchange rate, that means \$80-90 billion. In actuality, however, the amount is only \$50-60 billion....

Because of these and several other reasons, I no longer believe that Markovic's reform program will succeed, although all of us, and I personally, supported it up until June and believed that it was correctly conceived. In June, however, Markovic gave in to pressure from the administration, and above all from the Army. The liberalized monetary policy went in the opposite direction of what was necessary and what the FEC's [Federal Executive Council] program verbally offered.

[BORBA] You in Slovenia, although not only you, believe that the dinar's exchange rate is overvalued by 30-35 percent, and that in the beginning, perhaps, it was "frozen" too low. Should it be changed, in your opinion?

[Kranjec] I personally think that Markovic should have aimed at a somewhat higher rate at the start, although there is no agreement on this among individual economists. Since the prime minister was already insisting on a 1:7 ratio between the dinar and the mark, however—all right, then; it is only that if that is the case, it had to entail some other consequences as well, without which we would be in the same position again soon, with the exchange rate at any level or even with a devaluation. Because of its fatal effect upon the Slovene export industry, we are insisting that the dinar's exchange rate is now too high, but a rigorous reduction in all types of expenditures—public, fiscal, parafiscal, and personal—is more important. Without willingness to do that, no program will be successful, even with a higher exchange rate for the mark.

[BORBA] There is no such willingness even in Slovenia, and Markovic is also talking constantly about that.

[Kranjec] He talks, but he does not do anything. It seems that he never even had any serious intention of doing that. This business with the federal budget is only one of the proofs. Let us take another one: personal consumption in the public sector. In March, we increased salaries by 13 percent, and in August, by 20 percent. I think that is the lowest increase in the entire country. And we would not have done even that if Markovic had not also increased them, symbolically speaking. In any case, our 35 percent increase really means a 30 percent reduction, in view of the 70 percent inflation during that period. As far as our economy is concerned, we as a state will not become involved in its wages. It does what it wants and what it can. If they have losses, that is their problem. We are not solving them anymore.

[BORBA] What would you currently do first of all if you were in Ante Markovic's position?

[Kranjec] First of all, I am very pleased that I am not in his position. Hypothetically, however, I will answer. First, and quickly, in a month at the latest, a small expert team should reexamine his program again in detail and see what should be changed and how, from the dinar's exchange rate to all forms of expenditure. That is the most important thing. But since that is not being done, we in Slovenia are now making our own economic policy, even though we are also tied through monetary policy to the federal government's instruments and policy.

[Box, p. 6]

#### Unified Tax System—By No Means!

[BORBA] Mr. Kranjec, why do you feel that the tax system in Yugoslavia today cannot and should not be standardized by any means? All the states in the European Community are also seeking to do that, and in our country each republic individually, as well as the federal government, claims that it is adapting its tax system to the European model, i.e., to the market economy of the West?

[Kranjec] A unified tax system is absolutely impossible, because the differences among our republics are so great in everything, in both efficiency and in operation. At least, it is impossible in the sense in which it exists in federal states, for instance, in the United States, Canada, or even in Germany. There, direct taxes—on wages, enterprise profits, and citizens' incomes—are centralized. Our differences, however, are greater than those

among individual European countries, for instance, between southern Italy and northern France, and that is why it is not possible.

[BORBA] In all the market countries, however, the one who has more gives more.

[Kranjec] In principle, yes. That is the principle of vertical standardization in the tax system. Because of our differences, historical circumstances, the general current situation, the general lack of respect for regulations, and the lack of financial discipline, it would turn out in Yugoslavia that the one who paid more would be the one who had the most respect for financial regulations, who worked more, and who operated more efficiently.

And that means Slovenia and Croatia. We cannot agree to that.

[BORBA] Do you admit the possibility that this system could be standardized in any way?

[Kranjec] Naturally, but only in the long term and under the condition of the complete elimination of social property. With social property, there is no responsibility, and it is precisely because of irresponsibility that the differences between the efficient and inefficient areas of Yugoslavia are obvious and increasingly more obvious. That is why we are now going ahead with our own tax reform. Certain aspects of it will go into effect as early as 1 January 1991. We are furthermore going ahead with rapid privatization. That is also a condition for standardizing the tax system, but I personally think that it will be a very long process, and that it will require more years than the tax reform itself.

Otherwise, as long as the efficiency of operation is not equivalent in all regions—and that is possible only when private property prevails—we Slovenes will never consent to standardization of the tax system. The differences in operation, success, and profitability will only be reduced then, because then capital interests will prevail everywhere. I am afraid, however, that under the present conditions, that process will last at least 10 years or so.

[BORBA] What are the basic characteristics of your new tax system?

[Kranjec] The one who has more is taxed more, but within the framework of the Republic. We are thus aiming more at taxing citizens, property, earnings, and personal incomes, and we are reducing the burden on the enterprises which have in the past been burdened with the most varied and numerous taxes and contributions. It is now being shifted either to prices or to direct taxes, to a turnover tax or a tax on citizens.

## HUNGARY

**Reformed Church Leadership Struggles To Part With Past****Renewal Movement Described**

91CH0101A Budapest TALLOZO in Hungarian No 43,  
26 Oct 90 p 2041

[Interview with Reformed Church minister Geza Nemeth by Anna Jakubovits; place and date not given; reprinted from PEST MEGYEI HIRLAP 19 Oct 90, page not given: "The Reformed Church's Lost Integrity; Interview With Geza Nemeth on the Possibilities of Renewal"—first paragraph is PEST MEGYEI HIRLAP introduction]

[Text] Reformed Church minister Geza Nemeth came to our editorial office to request that we publish an open letter addressed to the parishioners by the steering committee of the Reformed Church Renewal Movement (REMM). In connection with the upcoming church elections the letter is urging the removal of the incumbents, and the election of new people "of integrity." In our judgment church elections are internal church matters which we do not wish to interfere with by becoming involved in a letter campaign, hence we have declined to publish the open letter.

We do believe, however, that the effects of Hungary's political transformation on the country's churches, the consequent change in state-church relations and the unfolding renewal attempts cannot be considered internal matters, as they transcend church boundaries. For this reason we have decided to prepare the following interview with Geza Nemeth.

[Jakubovits] Does social change not also automatically affect the churches? Is there also a need for renewal from within?

[Nemeth] Definitely. One of the trademarks of the former system was that it did not engage in a direct form of religious persecution as they did in the Soviet Union, for example, by turning churches into granaries. The tactics employed by the regime here were far more dangerous. They handpicked compliant and obedient church leaders and ministers, placing them by way of intricate manipulations into the highest offices of the church hierarchy. These leaders were so obedient in fact, that they even gave their blessing to the war in Afghanistan, sanctioned the invasion of Czechoslovakia, and earlier had helped to justify the 1956 Soviet intervention in Hungary, a position which to this day they have refused to reconsider despite the fact that the Soviets themselves have already done so.... Even back then these leaders were elected. In the elections, however, there was a choice of one to select from, and that one had been chosen by people at the highest echelons of power.

[Jakubovits] This was the way things were done everywhere else in the country. This was how we elected our deputies, council members....

[Nemeth] This is true; the church, however, by virtue of its character as a moral institution cannot be included in the same category with other institutions. For when the church speaks out on everyday political matters, purporting to be guided by the highest ethical standards and using the gospel as its reference, as it did in denouncing the Charta 77 movement, for example, it acts contrary to the very essence of what the church stands for. In our struggle today we aim to use the democratic election process to replace the leaders who had worked hand in hand with the old regime, with a new cast of ministers and laymen who had refused to compromise their integrity during those times.

[Jakubovits] Do you intend to put infants on the bench of bishops? Ever since democracy has taken a foothold in our country, some are trying to make everyone feel guilty. Everybody is suspect who managed to live through "those" times without spending at least a few weeks in jail. Where are you planning to find all these pure people?

[Nemeth] You are indeed right: Everyone who has managed to live through these times may consider to repent. However, I cannot equate the behavior of quiet and passive people, or the occasional little compromises succumbed to by those who genuinely resisted, with the deeds of people who clearly and actively served the cause of evil. Those who chose to remain silent under duress or were intimidated into clapping and cheering should be judged differently from those who informed against their fellow ministers, and played a role in removing their peers from their posts and their pulpits. These people cannot be absolved in the name of collective responsibility.

[Jakubovits] Are you also calling for a general house cleaning?

[Nemeth] No. Under no circumstances would we resort to taking revenge for these villainies using the same methods with which they were committed. We simply want to see to it that certain crimes, committed in certain positions do not go unpunished, by denying reelection to the leaders responsible.

[Jakubovits] Which are these certain positions?

[Nemeth] The deacons' and bishops' posts. In other words, those of the mid and high-level church leaders.

[Jakubovits] And do you have any evidence to prove that the deeds, which you have called crimes, have indeed been committed?

[Nemeth] Certainly. A parliamentary committee has gained access to the secret files of the State Office of Church Affairs, and clearly established and made public the fact that church leaders had been informing against their fellow ministers, and that the organization which

operated under the name Christian Peace Conference had operated under the direct control of the KGB. These facts can be unequivocally proven and documented.

[Jakubovits] Then publishing an encyclical letter is not the way to fight against them; there must be a legal procedure for this.

[Nemeth] In this Hungarian transition of ours they have not even punished the murderers, so we also do not expect our leaders to be found criminally liable, despite the existence of written proof against them. But we do not have to rely solely on documents authenticated by their own signature; it is enough to read their statements that are accessible to anyone. From the early 1950's until as recently as 1988, they were obedient providers of the Hungarian church's blessings for our role in great power politics. They themselves are not even denying this.

[Jakubovits] Could it be that this was the price they had to pay so that our churches would not be turned into granaries? Or that the reason why the leaders of the church chose to be accommodating was to ensure that the church would also survive those times?

[Nemeth] Yes, it has survived, but it has done so in disgrace. I believe that they were interested solely in preserving the institutional system and their own existence and positions, at the price of abandoning the church's own essential mission. The church lost its integrity by lending its name to an antinational policy. Instead of preserving their positions, they should have tried to safeguard the church's credibility and moral reputation. I can give you an example for such a stand. In Poland, the Catholic clergy refused to bow either to the Nazis, or the Communists. And what prestige they enjoy! When a Polish priest speaks anywhere in Poland, everyone listens. Who, in our country, would give credence to a bishop who had given his blessing to the Prague invasion. This survival of ours has been at an immense cost. This is why I believe that only with an entirely new group of people will we be able to effect a renewal in the Reformed Church after the elections.

[Jakubovits] You were a minister in Erd. In 1972, you were stripped of your post, and were forced to earn your living as a art dealer. Two years ago you were reinstated as minister, and are now serving in Zuglo as head of the Transylvanian congregation. Are you not driven by revenge?

[Nemeth] I cannot tell you what my attitude would be if my life had taken a different course. Even during the 16-year ban, I continued to preach; the whole country was my pulpit. At the same time the picture sales business did provide me with a good living for which I could actually be grateful to my persecutors. But I do not wish for any dean or bishop to have to peddle etchings from house to house. I am sure that they could be offered work in our archives and libraries where they could live honorably, working for the church.

### Previous Status Defended

91CH0101B Budapest TALLOZO in Hungarian No 43,  
26 Oct 90 p 2042

[Interview with Reformed Church Bishop Karoly Toth by Anna Jakubovits; place and date not given; reprinted from PEST MEGYEI HIRLAP 20 Oct 90, page not given: "Our Country Has a Tradition of Exaggerated Loyalties"—first paragraph is PEST MEGYEI HIRLAP introduction]

[Text] We have published our interview with Geza Nemeth in which the minister blamed the church's loss of credibility on the leaders who continue to hold offices in the hierarchy, claiming that only with new people would the church be able to undergo a renewal. What is the reaction to this of one of the church's high-ranking and currently still functioning leaders, Dr. Karoly Toth, bishop of the Duna-region diocese?

[Jakubovits] Your Reverence, when according to the schedule were the elections supposed to be held?

[Toth] There would not have been any elections had we not changed the canon law. For under the old rules bishops were appointed for life. Today it is democratically decided, from a field of several candidates, who will fill those posts.

[Jakubovits] Can you nominate yourself for your present position?

[Toth] Yes; presently there are three of us competing for this post.

[Jakubovits] I assume then that you have rejected the charges, and will not yield to the call for all former leaders to resign their posts.

[Toth] Our faith compels us to show infinite patience, and to seek harmony. Naturally this is a religious requirement which is very hard to live up to, but one must try. In our view, a debate among diverse views is possible only if it is guided by good will and the aim to help one another, and not by motivations to the contrary. As stated in the Bible, we are pursuing the truth in love. In representing our own truth, however—which later may turn out not to be the truth after all—we often react to those representing other versions of the truth by allowing human emotions to affect our judgement, i.e., not by presenting facts, but by aiming to destroy that person's existence. Yet I believe that destruction cannot be the means by which to effect a clash of varying ideas and opinions; on the contrary, the purpose of the debate should be to save that other person who believes in a different truth.

[Jakubovits] Are you saying that, by banning Geza Nemeth from his post for 16 years because his views differed from those of the church leadership, you actually saved him?

[Toth] I am not too familiar with Geza Nemeth's case, for at that time I was not yet a bishop. Incidentally, it

was under my synodical presidency that two years ago we reinstated him in his office, finding that there was no legal obstacle in the way of approving his petition for a rehearing, and granting him legal redress. By arriving at that decision with a small majority of the votes we proved that despite the differences of opinion which existed between us, i.e., between the church leadership and Geza Nemeth, we appreciated the work he had done for the Transylvanian refugees. I am not telling you this to score good points for myself, I just simply cannot understand the motivation behind Geza Nemeth's latest attack against me.

[Jakubovits] Do you feel that he is ungrateful?

[Toth] I do not expect any gratitude. Incidentally, many who had tried to keep me from deciding as I did, are now gloating over my misfortune.

[Jakubovits] In that case why do you feel that it is strange for Geza Nemeth to have taken the lead in bringing about a renewal in your church?

[Toth] It causes displeasure in church circles when someone takes upon himself to air our internal matters in public. It fills us with bitterness, and hurts the church. For it compromises the autonomy and political independence of our church. Not because we have any secrets to hide, but because it is distasteful.

[Jakubovits] Can the present, democratic elections resolve these differences; after all, this is also what REMM [Reformed Church Renewal Movement] wants?

[Toth] They may relieve the tensions, as they will give full legitimacy to the leadership. Hence the idea of holding democratic elections is also in complete accordance with my views.

[Jakubovits] If you agree with the notion of democracy, what danger do you see in being open to the public, which is one of the cornerstones of democracy?

[Toth] The problem lies not in exposing the public to the differences of opinion that exist within the church, but in the tone of that debate. Accusations and unprovable statements are being made that are not worthy of our church. It only hurts us, and causes bitterness among the faithful. We are living in a period of surfacing old wounds and painful memories; our souls have been tormented, our Hungarian existence and national sentiments have been wounded, hence we are looking for scapegoats in one another. These are feverish and acutely intense times indeed. Our entire system, including our church, is going through a difficult labor. Yet even amidst these pains we must adhere to human norms.

[Jakubovits] What you are saying, in other words, is that your critics have been more emotional, impatient, and militant than would be justified.

[Toth] No. Serious injustices have been committed here. Those who are now attacking me kept silent when we had to struggle to achieve what was possible and more, using

defensive reflexes and various other means. And now we are forced to explain this struggle—and the compromises made along the way—to the other side, to those who had kept silent. It is not through the lens of accusations, but against their accomplishments that our church leaders and their service should be judged.

[Jakubovits] Those who feel differently point out that in the course of that service you did not have to go to extremes. For example, to give your blessing to the Afghan invasion, instead of listening to your conscience.

[Toth] No one I know of ever gave his blessings to the Afghan war. As for our conscience: Everyone has had to wrestle with his own; the fact is that we were all tormented by things that were going on here. People are asking me to explain why I did not show more courage when, they themselves showed even less. Why did they not talk about conscience ten years ago; why didn't they speak out half as loudly as they do now about what they thought needed to be done?

[Jakubovits] Are you saying that the church leadership was caught between its servile ministers and the great adversary, the socialist system?

[Toth] Exactly. Caught in a position in which it committed occasional mistakes and went to extremes, although I personally always tried to ensure neither to present the events of 1956 in a negative light, nor to praise the existing state power....

[Jakubovits] But you still praised it....

[Toth] Yes we did, and I do not want to evade my general responsibility here. Despite the fact that I always cautioned against idolizing Janos Kadar.

[Jakubovits] Would he have expected it?

[Toth] The interesting thing is that he never expected to be idolized. Even more interesting, however, is the fact that there have been other examples of church leaders idolizing state leaders. In the history of the Reformed Church, however, this has century-old traditions.

[Jakubovits] What has?

[Toth] Exaggerated loyalty toward state leaders. Hanging here on the wall you see a portrait of the great bishop, Laszlo Ravasz. One shudders when reading some of the statements he had made about Horthy. But this does not mean that I condemn him, as he was a giant of a man, a great intellect. This was precisely what Rakosi and his people were saying: If you could idolize Horthy, why can't you idolize us? This is what we need to put an end to, and we have a great opportunity to do so.

[Jakubovits] Are you saying that the new system no longer expects loyalty and cooperation from the church?

[Toth] It expects it, of course it expects it.

[Jakubovits] Do you get specific requests from the government regarding what the Reformed Church should do, how it should go about doing it, and what kind of statements it should make?

[Toth] Not directly from the government, but from certain circles, yes.

[Jakubovits] Then how can you break with this tradition of cooperation?

[Toth] It will be very difficult. But there is an opportunity now for the church to stand tall with its head held high in dealing with the world around it. At the same time the temptation will always be there to be subservient to the existing power. It is impossible to break with a bad tradition overnight; it has to be a gradual process. Seeing to it that it does happen will be the task of the self-governing body that will be formed as a result of the elections.

[Jakubovits] If you are elected bishop again, in what spirit will you assume your post?

[Toth] Regardless of who will be our leader, he will have to deal with everyone in the Christian spirit. Even with our adversaries. We need to forgive and strive toward harmony. We must learn from the past, and start with a clean slate.

[Jakubovits] Could you start anew if offered the bishop's bench?

[Toth] The issue is not whether I could or couldn't. The point is that I must. It is another question whether or not I will be able to. We are of the opinion that with God's help we will be. Alone I would not be able to do it, but if I submit to the spirit that I represent, I sometimes succeed. We must learn to forgive. We live on knowing that we are sinners and that we are fallible, but we also know that God will forgive us.

### **Crime Victims' Rights Organization Established**

*91CH0174A Budapest MAGYAR HIRLAP  
in Hungarian 7 Nov 90 p 15*

[Article by (lk): "More Attention to the Victims of Crime"]

[Text] According to the White Ring Public Interest Association, the organization formed to support the

victims of crime, in Hungary criminal law, and policies related to crime, were characterized by an endeavor to ensure the legality of criminal proceedings and to protect the offenders' rights. Journalists were told at a press briefing organized by the association that little attention was paid to the victims.

Managing President Andras Kovari told the meeting that the organization was established in December 1989 based on examples provided by similar organizations functioning in West Europe and in the United States. However, lacking appropriate conditions, the association was unable to pursue substantive activities. Its situation is still adverse because as a result of the growing number of criminal activities, the number of victims in need of help increases. Due to the deteriorating economic situation, only a few supporters make contributions. It took almost a year before they were able to obtain an appropriate office and club facilities.

Professor Jozsef Vigh, the honorary chairman of the association, discussed the occasionally unclear legal situation of crime victims and the opportunities to provide effective help. Vigh said that beyond restoring legal order that had been violated, and beyond providing just punishment, administration of justice must also provide compensation to victims, because without that, reconciliation is impossible. To accomplish this, White Ring provides legal aid, as well as financial support to victims experiencing financial difficulties. The Council of Europe made a recommendation in 1985 concerning the protection of victims, and the United Nations issued a statement in this regard.

Crime prevention is another main direction in which the association exerts activities. They would like to become involved in exploring and publicizing the cause which serves to encourage crime because quite often, it is the negligence of victims that enables the commission of criminal acts. Although they do not intend to align themselves with any political trend, they would still be pleased to cooperate with any party or social organization in the interest of accomplishing their goals.

West German White Ring National Secretary Dieter Eppenstein, attended the press conference. He promised to provide financial support on behalf of the 30,000 member German organization. In addition, Eppenstein announced that organizations formed to support crime victims will meet at a world congress to be held in Stockholm in June 1991. Representatives of the Hungarian White Ring Association were invited.